



**LUPIN**

August 4, 2017

✓ **BSE Limited**

Department of Corporate Services,  
P. J. Towers,  
Dalal Street,  
**MUMBAI - 400 001.**

**The National Stock Exchange of India Limited**

Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (East),  
**Mumbai - 400 051.**

*Dear Sirs,*

**Sub: Compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.**

In compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 [Listing Regulations], enclosed is the Annual Report of the Company for the year ended March 31, 2017 along with the Notice convening the Thirty-Fifth Annual General Meeting held on Wednesday, August 2, 2017.

It may please be noted that the said Annual Report contains information prescribed by Regulations 34(2) and (3) of the Listing Regulations.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,

**FOR LUPIN LIMITED**

  
**R. V. SATAM**  
**COMPANY SECRETARY**



Encl.: a/a

LUPIN LIMITED

Registered Office: 3<sup>rd</sup> Floor, Kalpataru Inspire, Off W. E. Highway, Santacruz (East), Mumbai - 400 055 India. Tel : (91-22) 6640 2323.

Corporate Identity Number: L24100MH1983PLC029442

www.lupin.com

# NOTICE TO MEMBERS

**NOTICE** is hereby given that the Thirty-Fifth Annual General Meeting of Lupin Limited will be held at Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050, on Wednesday, August 2, 2017, at 2.30 p.m., to transact the following business: -

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the Standalone audited financial statements including Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Consolidated audited financial statements including Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and report of the Auditors thereon.
3. To declare dividend at ₹ 7.50 per equity share for the year ended March 31, 2017.
4. To consider the re-appointment of Dr. Kamal K. Sharma, as director, who retires by rotation and being eligible, offers himself, for re-appointment.
5. To ratify the appointment of auditors to hold office from the conclusion of Thirty-Fifth Annual General Meeting till the conclusion of the Thirty-Sixth Annual General Meeting and to fix their remuneration.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution: -

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, including any statutory amendment(s) or re-enactment(s) thereof and as recommended by the Audit Committee, the appointment of B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No.: 101248W/W-100022), as Statutory Auditors, to hold office from the conclusion of the Thirty-Fifth Annual General Meeting till the conclusion of the Thirty-Sixth Annual General Meeting be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to fix the remuneration payable to the Statutory Auditors as recommended by the Audit Committee.”

## **SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution for ratifying remuneration payable to Mr. S. D. Shenoy, Cost Auditor, for conducting cost audit for the year ending March 31, 2018: -

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 including any statutory amendment(s) or re-enactment(s) thereof, Mr. S. D. Shenoy (FCMA, Membership No. 8318), practicing cost accountant, Cost Auditor, appointed by the Board of Directors, to conduct audit of the cost records of the Company, for the year ending March 31, 2018, be paid remuneration of ₹ 600,000/- (Rupees Six Hundred Thousand only) plus applicable taxes and out-of-pocket expenses.

**RESOLVED FURTHER THAT** the Board of Directors (‘the Board’, which term shall be deemed to mean and include any Committee constituted by the Board) be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution.”

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution for increase in the limits for granting loans, providing guarantees and making investments, in bodies corporate: -

**“RESOLVED THAT** pursuant to the provisions of Section 186 and other applicable provisions of the Companies Act, 2013 (‘Act’) read with Rule Nos. 11 and 13 the Companies (Meeting of Board and its Powers) Rules, 2014, including any statutory modification(s), amendments or re-enactment thereof, the Articles of Association of the Company, other applicable laws, approvals, consents, sanctions and permissions, as may be necessary, consent and approval of the Company be and is hereby accorded to the Board of Directors (‘the Board’, which term shall be deemed to mean and include any Committee constituted by the Board) to grant loans and/or provide guarantees/securities and/or make investments for amounts exceeding 60% of the paid-up share capital, free reserves and securities premium account or 100% of free reserves and securities premium account but not exceeding ₹ 50000 million (Rupees Fifty Thousand million), over and above the aggregate of free reserves and securities premium account of the Company at any point of time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to negotiate and decide, from time to time, terms and conditions, to execute such documents, deeds, writings, papers and agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate and settle any questions, difficulty or doubt that may arise in this regard for the purpose of giving effect to this Resolution.”

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY, DULY COMPLETED AND SIGNED, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or Member.

2. An Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 (‘Act’) in respect of Item nos. 4 to 7 is annexed and forms part of this Notice.
3. Register of Members and Share Transfer Register will be closed from Wednesday, July 26, 2017 to Wednesday, August 2, 2017, (both days inclusive).
4. Dividend for the year ended March 31, 2017, if declared, at the Annual General Meeting (AGM), shall be paid to those Members, whose names appear: -
- as beneficial owners at the end of business hours on Tuesday, July 25, 2017, as per lists furnished by Central Depository Services (I) Limited (CDSL) and National Securities Depository Limited (NSDL) in respect of shares held in electronic form; and
  - on the Register of Members of the Company as on Tuesday, July 25, 2017, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on Tuesday, July 25, 2017, in respect of shares held in physical form.

5. Members holding shares in dematerialised form are requested to intimate all particulars of bank mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such details to the Company.

In order to enable the Company to remit dividend electronically through National Electronic Clearing Service (NECS), National Electronic Funds Transfer (NEFT), etc., Members are requested to provide/update details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code and IFSC code (as appearing on the cheque) along with photocopy of the cheque/cancelled cheque. The said information should be submitted to the Company if the shares are held in physical form and to the DP concerned, if the same are held in electronic form.

6. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN to their DPs. Members holding shares in physical form are requested to submit their PAN to the Company.
7. Members who have not encashed their dividend warrants for the year ended March 31, 2010 or any subsequent year(s) are requested to lodge their claims with the Company at the earliest.
8. Amounts of dividend remaining unclaimed/unpaid for a period of seven years are required to be transferred to the 'Investor Education and Protection Fund'. Accordingly, unpaid dividend up to the year ended March 31, 2009, has already been transferred to the said Fund.
9. Register of Directors and Key Managerial Personnel and their shareholding and Register of Contracts or Arrangements in which Directors are interested, maintained under Sections 170 and 189 respectively of the Act, will be available for inspection by the Members at the AGM.
10. Pursuant to the provisions of Sections 101 and 136 of the Act read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email addresses either with their DP or the Company. Notice of the AGM along with Annual Report for the year ended March 31, 2017 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depositories, unless a Member has requested for a physical copy of the same. Physical copies of the Annual Report are being sent by the permitted mode to those Members who have not registered their email addresses. Members desirous of receiving physical copies of the Annual Report are requested to write to the Investors' Services Department at the Registered Office of the Company. Annual Report for the year ended March 31, 2017 circulated to Members is also available on the website of the Company [www.lupin.com](http://www.lupin.com).
11. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, Company is pleased to provide its Members, the facility to exercise their right to vote at the AGM by electronic means and business may be transacted through e-Voting platform provided by NSDL on all Resolutions set-forth in this Notice. The 'process and manner for availing e-voting facility' is explained in the Annexure which forms part of this Notice.
12. Members holding shares in physical form in single name are advised to avail of nomination facility. Nomination forms can be downloaded from the website of the Company [www.lupin.com](http://www.lupin.com) or obtained from the Investors' Services Department of the Company.
13. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
14. Members are requested to:
  - a. Quote ledger folio numbers/DP ID and Client ID numbers in all their correspondence;
  - b. Approach the Company for consolidation of multiple ledger folios into one;
  - c. To avoid inconvenience, get shares transferred in joint names, if they are held in a single name and/or appoint a nominee; and
  - d. Bring with them at the AGM, their copy of the Annual Report and Attendance Slip.



15. NRI Members are requested to inform the Investors' Services Department of the Company immediately of:
  - a. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier; and
  - b. Change in their residential status and address in India on their return to India for permanent settlement.
16. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their communications at the Registered Office of the Company, so as to reach at least seven days before the date of the meeting, so that the required information can be made available at the meeting, to the extent possible.
17. Members, who hold shares in electronic form, are requested to notify their DP and Client ID numbers at the AGM for easier identification.
18. As shares of the Company are traded under compulsory demat for all investors, Members are requested to dematerialise their shareholding to avoid inconvenience.

**By Order of the Board of Directors**

**R. V. SATAM**  
*Company Secretary*  
(ACS-11973)

Mumbai, May 24, 2017

**Registered Office:**

Kalpataru Inspire, 3<sup>rd</sup> Floor, Off Western Express Highway,  
Santacruz (East), Mumbai - 400 055.

**Corporate Identity Number:** L24100MH1983PLC029442

**Tel:** +91 22 6640 2323 Ext: 2402/2403

**Fax:** +91 22 6640 8131

**E mail:** investorservices@lupin.com

**Website:** www.lupin.com

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.****ITEM NO. 4**

A brief profile of Dr. Kamal K. Sharma and names of companies in which he is director are given in the Corporate Governance Report, which forms part of this Annual Report.

Dr. Sharma holds 232,400 fully paid-up equity shares of ₹ 2/- each in the Company.

None of the other Directors/Key Managerial Personnel or their relatives are interested in or concerned with the said Resolution.

Board recommends passing of the said Resolution.

**ITEM NO. 5**

This Explanatory Statement is provided though strictly not required pursuant to the provisions of Section 102 of the Companies Act, 2013 ('Act').

At the 34<sup>th</sup> Annual General Meeting (AGM), Members appointed B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company, for a period of five years from the conclusion of the 34<sup>th</sup> AGM till the conclusion of the 39<sup>th</sup> AGM, subject to ratification by Members at every AGM.

Audit Committee has recommended ratifying the appointment of B S R & Co. LLP, as Statutory Auditors of the Company, from the conclusion of the 35<sup>th</sup> AGM till the conclusion of the 36<sup>th</sup> AGM or any adjournment thereof.

Company has received a Certificate from B S R & Co. LLP, pursuant to the provisions of Section 139(1) of the Act, certifying that their appointment is as per the conditions prescribed by the said Section.

None of the Directors/Key Managerial Personnel of the Company or their relatives are interested in or concerned with the said Resolution.

Board recommends passing of the said Resolution.

**ITEM NO. 6**

The Board of Directors, on recommendation of the Audit Committee, approved the appointment and remuneration of Mr. S. D. Shenoy (FCMA, Membership No. 8318), practicing cost accountant, Cost Auditor, to conduct audit of the cost records of the Company for the year ending March 31, 2018.

Mr. S. D. Shenoy is a cost accountant as defined in Section 2(1)(b) of the Cost and Works Accountants Act, 1959, holding a valid certificate of practice under Section 6(1) of the said Act. He has not been disqualified to act as cost auditor pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and his appointment, is in accordance with the limits specified by Section 141(3)(g) read with Section 148 of the Companies Act, 2013. Mr. Shenoy is independent and maintains an arm's length relationship with the Company; and no orders or proceedings are pending against him relating to professional matters of conduct before the Institute of Cost Accountants of India or any court or competent authority.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 600,000/- plus applicable taxes and out of pocket expenses payable to the Cost Auditor as approved by the Board of Directors, needs to be ratified by the Members. Thus, consent of Members is being sought for ratifying remuneration payable to the Cost Auditor for year ending March 31, 2018.

None of the Directors/Key Managerial Personnel or their relatives are interested in or concerned with the said Resolution.

Board recommends passing of the said Resolution.

**ITEM NO. 7**

Pursuant to the provisions of Section 186(2) of the Companies Act, 2013 ('Act'), the Company shall not directly or indirectly: -

- (a) give any loan to any person or other body corporate;
- (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and
- (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate,

exceeding sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account, whichever is higher.

Pursuant to the provisions of Section 186(3) of the 'Act', where the giving of any loan or guarantee or providing any security or the acquisition of securities exceeds the limits specified in Section 186(2) of the 'Act', prior approval by means of a Special Resolution passed at a General Meeting is necessary. In terms of Rule No.11(1) of the Companies (Meeting of Board and its Powers) Rules ('Rules'), where a loan or guarantee is given or security has been provided by a company to its wholly-owned subsidiary or a joint venture, or acquisition is made by a holding company, by way of subscription of securities of its wholly-owned subsidiary, the requirement of Section 186(3) of the 'Act' shall not apply, however it will be included for the purpose of overall limit.

In the normal course of business, the Company may be required to give loans or guarantees or make investments in excess of the limits specified in Section 186(2) of the 'Act', it is proposed to seek approval of Members vide an enabling Resolution.

None of the Directors/Key Managerial Personnel or their relatives are interested in or concerned with the said Resolution.

Board recommends passing of the said Special Resolution.

**By Order of the Board of Directors**

**R. V. SATAM**

*Company Secretary*

(ACS-11973)

Mumbai, May 24, 2017

**Registered Office:**

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**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting venue)

**35<sup>th</sup> ANNUAL GENERAL MEETING - Wednesday, August 2, 2017 at 2.30 p.m.**

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_  
Name of the Proxyholder \_\_\_\_\_ Signature \_\_\_\_\_

- 1. Only Member/Proxyholder can attend the Meeting.
- 2. Interested joint members may obtain attendance slips from the Registered Office of the Company.
- 3. Members/joint members/proxies are requested to bring this slip with them. Duplicate slips will not be issued at the entrance of the Auditorium.
- 4. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

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**FORM NO. MGT-11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): \_\_\_\_\_  
Registered address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

I / We, being the member(s) of \_\_\_\_\_ Equity Shares of Lupin Limited, hereby appoint:

- 1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_  
or failing him/her
- 2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_  
or failing him/her
- 3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company to be held at Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050, on Wednesday, August 2, 2017, at 2.30 p.m. and at any adjournment thereof in respect of resolutions as indicated below: -

- 1. Adoption of the Standalone audited financial statements including Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and reports of the Board of Directors and Auditors thereon.
- 2. Adoption of the Consolidated audited financial statements including Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and report of the Auditors thereon.
- 3. Declaration of dividend at ₹ 7.50 per equity share for the year ended March 31, 2017.
- 4. Re-appointment of Dr. Kamal K. Sharma, as a director, who retires by rotation and being eligible, offers himself, for re-appointment.
- 5. Ratifying the appointment of B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, to hold office from the conclusion of Thirty-Fifth Annual General Meeting till the conclusion of the Thirty-Sixth Annual General Meeting and to fix their remuneration.
- 6. Ratifying the remuneration payable to Mr. S. D. Shenoy, Cost Auditor, for conducting cost audit for the year March 31, 2018.
- 7. Increasing the limit for granting loans and/or providing guarantees/securities and/or making investments.

Revenue Stamp  
₹ One

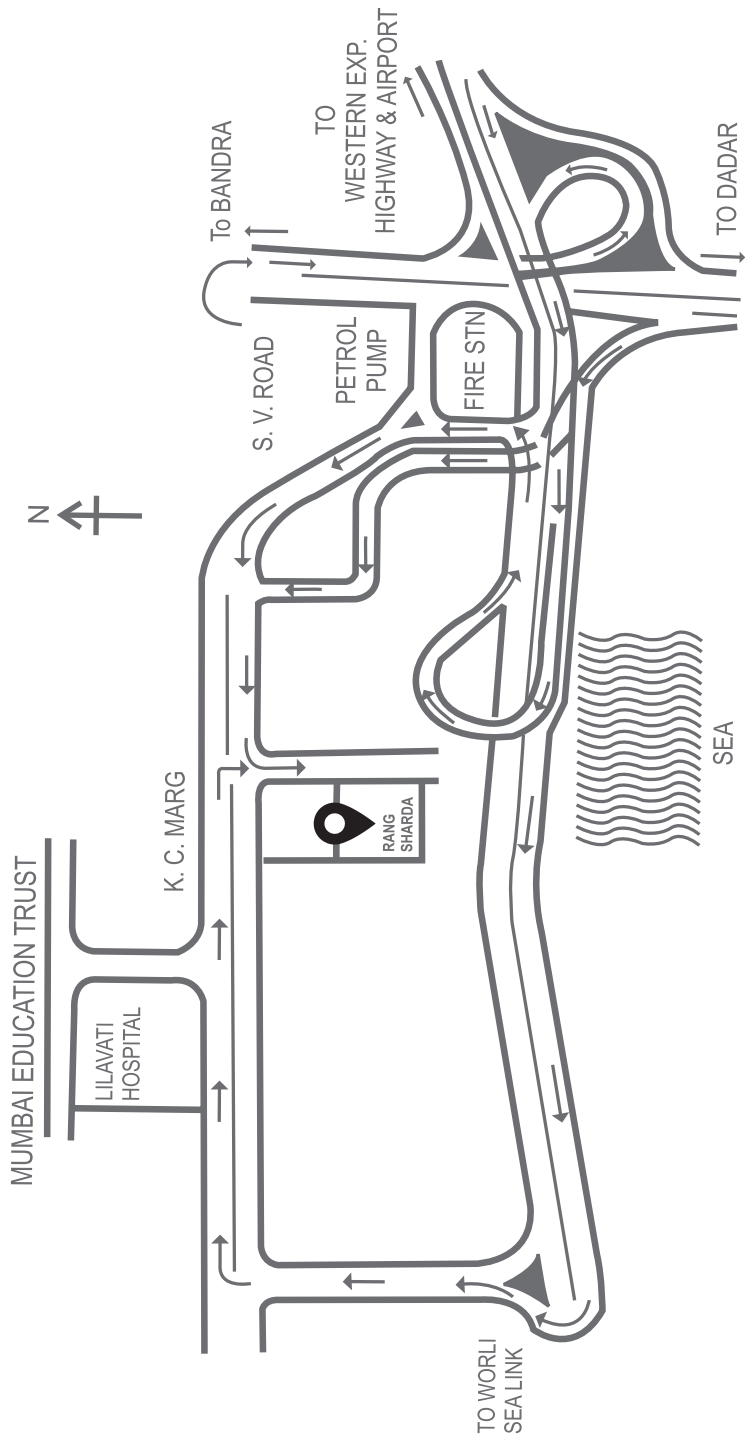
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017  
Signature of member \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

**NOTE:** This Proxy Form 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.

Please Cut Here



**Directions for: 35<sup>th</sup> Annual General Meeting of Lupin Limited**  
**Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050**



Bandra Station 2.7 Km. | Dadar Station 5.5 Km. | Kurla Station 7.7 Km. | International Airport 8.7 Kms. |  
Domestic Airport 6 Kms. | Lilavati Hospital 1 Km. | Worli - Bandra Sea Link 1 Km. |

# LUPIN

Annual Report 2017



**“WE ARE ONE OF THE PRIVILEGED FEW THAT HAVE THE FUNDAMENTALS IN PLACE TO SHAPE A BETTER FUTURE FOR SOCIETY, TO MAKE THE WORLD HEALTHIER AND HAPPIER. TO BUILD A BETTER TOMORROW. WE EMBRACE THIS NOT AS A RESPONSIBILITY BUT AS AN OBLIGATION.”**

**Dr. Desh Bandhu Gupta**

**Founder & Chairman**

**(8.2.1938 – 26.6.2017)**





# Dr. Desh Bandhu Gupta

*Khudī ko kar buland itna  
ke har taqdeer se pehle  
Khuda bande se khud pooche  
bata teri raza kya hai*

~

*Commit to strengthening yourself such that  
the universe bends to your will.*

~

The words used most often since June 26<sup>th</sup>, 2017 about Dr. Desh Bandhu Gupta (DBG) have been Optimistic, Ambitious, Relentless, Generous and Humble. DBG's life embodied all of these and one of his favorite quotes was "Whatever a man's mind can conceive and believe, it can achieve". DBG's journey covered the most interesting period of Indian history, and began in a small village in Rajasthan and included co-creating a global Industry that India is proud of, creating a multi-billion dollar company and founding a multi-dimensional rural development foundation.

Growing up in a village, DBG's father emphasized the values of education and hard work and his homemaker mother emphasized family values. DBG's family's tradition – his father and grandfather were teachers – meant he marinated in academics early and long; working long hours in a tin-shed with a single light bulb; thereafter getting a double promotion after missing school from a medical injury complicated by lack of access to quality medical care;

fighting for his own and other students rights in college, and finally teaching students at an engineering college.

DBG's family circumstances meant that there was little money available, but this frugality nurtured a hunger to create a better world with a belief that one's own effort is the route to success. The lack of material comforts growing up were compensated by a close-knit group of siblings, an early interest in spirituality, and a life-long love of nature, walking in the open spaces of rural Rajasthan around Rajgad.

After a brief stint as a pharma employee, that brought him to Mumbai, DBG founded Lupin in 1968 with the support of his wife, Manju Gupta who was his first "investor" with ₹ 5,000. At the very start, savings in a cardboard box 'piggy bank' Mrs. Gupta kept especially for every spare 25/50 paise, helped buy the first sets of product ingredients. To DBG, Lupin was more than a company; it was a cause because growing up in the idealism of a newly born nation, he realized how important science, technology and institutions were

to nation building. His philosophy of connecting what businesses do and what society needs reflected in his choice of Tuberculosis as the seed of Lupin; innovative, affordable and local products not only contributed to blunting this disease in India but all over the world. All of this created a culture of creativity and thinking ahead at Lupin, that is the source of its successful operations in more than 100 countries around the world.

If entrepreneurship is the art of doing more than what people thought possible with less than what people thought was needed, DBG was an entrepreneur par excellence. Driven by a passion for excellence, he ensured that business was conducted with the highest levels of integrity, professionalism and mutual respect. He knew that great ideas could come from any quarter, and encouraged and empowered everyone to assume responsibility with passion and conviction.

His child-like curiosity with all events, people and ideas gave him an ability to foresee their worth and impact well before others did. His genius truly lay in bringing out the best in each and every person or organisation he touched, motivating them to reach a potential many didn't know they had.

DBG was deeply committed to the cause of sustainable development and realised that true value is created only if it permeates to the grassroots level. He founded the Lupin Human Welfare and Research Foundation in 1988 with an objective to introduce holistic development programmes, systematically creating opportunities and infrastructure, while empowering people in rural

areas, that brought about a socio-economic change, building the future of generations to come. Today, his vision has enabled us to touch the lives of over 2.8 million people in more than 3,400 villages across the country, converting some of the poorest regions of India into a sustainable, environmentally sound, growth oriented model of rural development.

DBG enthusiastically inhabited many communities in which he was an accepted change maker, institution builder and role model of ethics and hard work. On the spiritual front the Vipassana foundation, on the religious front the ISKCON society; he was a pillar of the pharmaceutical industry, but he always considered it his greatest privilege to create a more inclusive society providing opportunities to all who needed them. He remained committed to the idea of India that he envisioned, as an inclusive India leading the world.

DBG surrounded himself with strong people and ideas, leading them to success in all endeavours with untiring support. He was a visionary, with a compelling view of the future, of the company and of India, one who recognised the wisdom of Tagore's "Ekala Cholo Re" (Call but if nobody answers walk alone). As we grieve losing him, we also celebrate his spectacular journey.

DBG's leaving is a loss for all at Lupin and for everyone whose life he touched. It is hard to live up to his optimism, ambition, human touch, passion and so much else. It is a legacy that is rare, valuable, and ours to uphold. It is a legacy of performance, values and public spiritedness that we commit ourselves to living up to.

**The Lupin Family**

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**Dr. Desh Bandhu Gupta**

*Founder & Chairman*

Lupin Limited

# CHAIRMAN'S LETTER



**Dear Shareholders,**

As we enter our 50<sup>th</sup> year, to see this as a milestone only in Lupin's history would be too limiting – our past, present and our future is entwined with the growth of the Indian Pharma industry. Our footprint on the global market, the leadership that we have shown in each of our key markets and the vision that we have set for the future are big signs telling the world that we matter.

Our understanding of the major forces shaping our world gives us the know-how to respond for the good of our organization and for Society as a whole. Lupin has a deep-rooted commitment to being truly world-class in everything we do.

At the heart of our business commitments, lies our responsibility to you, our key stakeholders. It is this responsibility that drives us to attain a leadership position in this ever-changing world. At Lupin, we intend to lead the way by doing cutting edge research and building world class capabilities, be they in supply chain, manufacturing or commercialization. Our plans are fueled by a consistent focus on execution, people processes and strategy. The global pharmaceutical market is evolving rapidly – I believe we are ready for this new future.

While I am grateful for the past, I look forward with confidence to the future. My confidence stems from the fact that we have a strong and committed Management Team carrying forward my vision for the Company and the high level of passion and resilience to succeed that I see in each one of them. The Lupin Spirit that embodies all Lupinytts has made Lupin great and will continue to be our underlying strength and enable us to achieve still higher levels of performance in the time ahead.

The journey has been exciting – the future is even more glorious. We will use the optimism that we have and the momentum that we have generated along with the memories and lessons of the past to guide us towards new horizons.



# Corporate Information

## DIRECTORS

**Dr. Desh Bandhu Gupta**, Chairman

**Mrs. Manju. D. Gupta**, Executive Director

**Dr. Kamal K. Sharma**, Vice Chairman

**Ms. Vinita Gupta**, Chief Executive Officer

**Mr. Nilesh Gupta**, Managing Director

**Mr. Ramesh Swaminathan**, Chief Financial Officer & Executive Director

**Dr. Vijay Kelkar**, Independent Director

**Mr. R. A. Shah**, Independent Director

**Mr. Richard Zahn**, Independent Director

**Dr. K. U. Mada**, Independent Director

**Mr. Dileep C. Choksi**, Independent Director

**Mr. Jean-Luc Belingard**, Independent Director

## SENIOR MANAGEMENT TEAM

**Dr. Desh Bandhu Gupta**, Chairman

**Dr. Kamal K. Sharma**, Vice Chairman

**Ms. Vinita Gupta**, Chief Executive Officer

**Mr. Nilesh Gupta**, Managing Director

**Mr. Ramesh Swaminathan**, Chief Financial Officer & Executive Director

**Dr. Rajender Kamboj**, President - Novel Drug Discovery & Development

**Mr. Naresh Gupta**, President - API & Global TB

**Mr. Alok Ghosh**, President - Technical Operations

**Dr. Cyrus Karkaria**, President - Biotechnology

**Mr. Sunil Makharia**, President - Finance

**Mr. Yugesh Goutam**, President - Global Human Resources

**Mr. Debabrata Chakravorty**, President - Global Sourcing & Contract Manufacturing

**Mr. Rajeev Sibal**, President - India Region Formulations

**Mr. Paul McGarty**, President - Lupin Pharmaceuticals Inc., USA

**Dr. Sofia Mumtaz**, Head - Pipeline Management and Legal

**Mr. Martin Mercer**, President - Latin America

**Dr. Thierry Volle**, President - Europe, Middle-East & Africa

**Dr. Fabrice Egros**, President - Asia Pacific & Japan

**Dr. Kurt Nielsen**, President - Somerset, USA

**Mr. Noriaki Tsunoda**, President - Kyowa Pharmaceutical Industry Co., Ltd., Japan

## REGISTERED OFFICE

Kalpataru Inspire, 3<sup>rd</sup> Floor,  
Off Western Express Highway,  
Santacruz (East),  
Mumbai - 400 055.

India.

Tel: + 91 22 6640 2323

Fax: + 91 22 6640 8131

## CORPORATE OFFICE

Laxmi Towers, 'B' Wing, 5<sup>th</sup> Floor,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051.

India.

Tel: + 91 22 6640 2222

Fax: + 91 22 6640 2130

## Website

[www.lupin.com](http://www.lupin.com)

## E-Mail

[info@lupin.com](mailto:info@lupin.com)

## CORPORATE IDENTITY NUMBER

L24100MH1983PLC029442

## COMPANY SECRETARY

**Mr. R. V. Satam**

## AUDITORS

**B S R & Co. LLP**

Chartered Accountants

## INTERNAL AUDITORS

**Ernst & Young LLP**

**Price Waterhouse & Co., Bangalore LLP**

## AUDIT COMMITTEE

**Dr. K. U. Mada**, Chairman

**Dr. Kamal K. Sharma**

**Mr. Dileep C. Choksi**

## NOMINATION AND REMUNERATION COMMITTEE

**Dr. K. U. Mada**, Chairman

**Mr. R. A. Shah**

**Mr. Richard Zahn**

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

**Dr. Vijay Kelkar**, Chairman

**Dr. K. U. Mada**

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

**Dr. Desh Bandhu Gupta**, Chairman

**Dr. Kamal K. Sharma**

**Mr. Nilesh Gupta**

**Dr. Vijay Kelkar**

## RISK MANAGEMENT COMMITTEE

**Dr. Kamal K. Sharma**, Chairman

**Ms. Vinita Gupta**

**Mr. Nilesh Gupta**

**Mr. Ramesh Swaminathan**

**Mr. Sunil Makharia**

## STRATEGIC ADVISORY BOARD

**Mr. Jean-Luc Belingard**

**Mr. Francesco Granata**

**Ms. Yvonne Greenstreet**

**Mr. Paul Edick**

## KEY CONTACTS

**Mr. Arvind Bothra**

Head - Investor Relations and M&A

Email: [arvindbothra@lupin.com](mailto:arvindbothra@lupin.com)

**Mr. Pradeep Bhagwat**

General Manager - Investors' Services

Email: [pradeepbhagwat@lupin.com](mailto:pradeepbhagwat@lupin.com)

# Our Accolades



## **Outstanding Company of the Year**

- CNBC TV18 - 2016

## **Lupin named in the Forbes Global 2000**

- World's Most Powerful Public Companies - 2017

## **Lupin is yet again Great Place to Work**

certified Company & leads the Biotech and Pharma industry as the Best Place to Work for, India - 2017

## **Golden Peacock Award**

for Excellence in Corporate Governance - 2016

## **Vinita Gupta and Nilesh Gupta awarded**

the 'Entrepreneur of the Year'  
at Forbes India Leadership Awards - 2016

## **Vinita Gupta awarded**

'Outstanding Woman Business Leader of the Year'  
at 11<sup>th</sup> CNBC India Business Leader Awards - 2016

## **Vinita Gupta enters the Hall of Fame**

- Most Powerful Women in Business  
by Business Today - 2016

## **Ramesh Swaminathan awarded**

Best CFO for Best Inorganic Growth Strategy at Yes Bank  
- BW Businessworld Best CFO Awards - 2017

A black and white portrait of Dr. Kamal K. Sharma, an elderly man with a grey beard and hair, wearing a dark pinstriped suit jacket, a white shirt, and a dark bow tie. He is seated in a dark, rounded chair, with his hands resting on his lap. The background is a light blue gradient. The image is partially overlaid by a dark blue vertical bar on the right side, which contains the text.

**Dr. Kamal K. Sharma**

*Vice Chairman*  
Lupin Limited

# VICE CHAIRMAN'S LETTER



## Dear Shareholders,

Last few years have been particularly challenging for the industry – a period in which there were several changes in the pharmaceutical eco-system and the market as we know it. An influx of new players, consolidation of channel partners and a more rigorous compliance regime imposed by the regulators have necessitated a change in the industry business model. Further, a slowdown in generic market opportunities and rising pressure from governments across the globe to lower drug prices have impacted sentiments for the industry – we clearly stand at an inflection point.

Lupin has always been quick to adapt to market changes as reflected in our tremendous track record. In the past ten years alone, we have seen eight-fold increase in revenues whilst the market cap went up by thirteen times. This growth has been an outcome of meticulous planning, differentiated strategies, complex products and disciplined execution across markets. I am proud to be a part of this talented team which is capable of embracing hard challenges and steering growth.

Moving forward, we will consolidate on our generics portfolio while focusing on complex generics and specialty products. We expect to rise to this challenge with appropriate acquisitions, calibrated investments in R&D, supported by the right skill sets. This would enable us to enhance the quality of our business and transcend from the existing paradigm towards new horizons.

Our competent and motivated teams, their innovation capabilities backed by appropriate financial horsepower give me immense faith and confidence in the future as we look to expand our global footprint and add greater value to all Lupin stakeholders.

As we move towards the new growth trajectory, I commend the team for their undying commitment, dedication and zeal in shaping the future despite the volatility.



**Vinita Gupta**  
*Chief Executive Officer*  
Lupin Limited

**Nilesh Gupta**  
*Managing Director*  
Lupin Limited





# CEO & MD'S LETTER

## **Dear Shareholders,**

FY 2017 was a record year. We accelerated Lupin's transformational journey and succeeded in maintaining a sharp focus on our core strategy of building and monetizing a healthy product pipeline, consolidating our investments in new acquisitions and aligning our business operations to the rapidly changing market dynamics.

In the year, our efforts were directed towards building internal resilience as our markets got tougher both on the economic and regulatory front while also strengthening our capabilities through investments in research and development. We witnessed an intense regulatory and pricing regime through the year. However, through proactive efforts of bringing the right products to market and building strong compliance and quality, Lupin steered ahead and gained market leadership in all our key geographies. We now are the 2<sup>nd</sup> largest Indian pharmaceutical company by sales, rank 4<sup>th</sup> in the US by prescriptions (5.3% market share – IMS Health) and are the 6<sup>th</sup> largest generic pharmaceutical player in Japan (IMS Health).

FY 2017 recorded the highest-ever investment in research and development with new developments in complex generics like Inhalation, Biosimilars and Complex Injectables. Through the continued focus on R&D, we now have 368 ANDA filings with the US FDA, of which 214 have been approved to date. We also have 45 First-to-File (FTF) filings including 23 exclusive FTF opportunities.

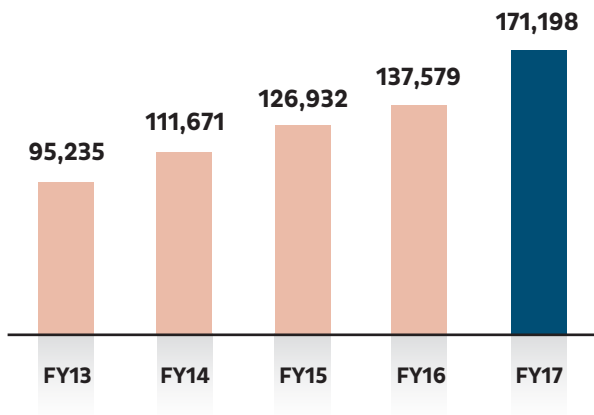
In FY 2017, Lupin's Net Sales increased by 24% to ₹ 171,198 million; EBITDA stood at ₹ 45,997 million and our Net Profits were ₹ 25,575 million. Lupin is today the 4<sup>th</sup> largest generics company globally by market capitalization (March 31, 2017, Bloomberg) and the 6<sup>th</sup> largest generics pharmaceutical company globally by sales (March 31, 2017, Bloomberg).

There were multiple milestones that we hit during the year. An important one was the acquisition of the branded product portfolio from Shionogi in Japan which comprised of 21 long-listed products across therapy areas such as Central Nervous System (CNS), Oncology, Cardiovascular and Anti-Infectives. This acquisition marks Lupin's strategy of hybridizing our business model into a healthy mix of generics and branded products in Japan. We also made significant headway in integrating some of our recent acquisitions like Gavis, Medquimica and Temmler and remain optimistic on the potential synergies we will achieve from our inorganic efforts across all Lupin entities.

As we move ahead, our strategy is clear – consolidate on the generic position we have created across our key geographies while building a meaningful specialty business. We will do this through building superiority in R&D, ensuring impeccable quality and compliance and commercial excellence while continually striving to be an employer of choice. We are poised to continue to grow our business in the mid to long term while making a difference.

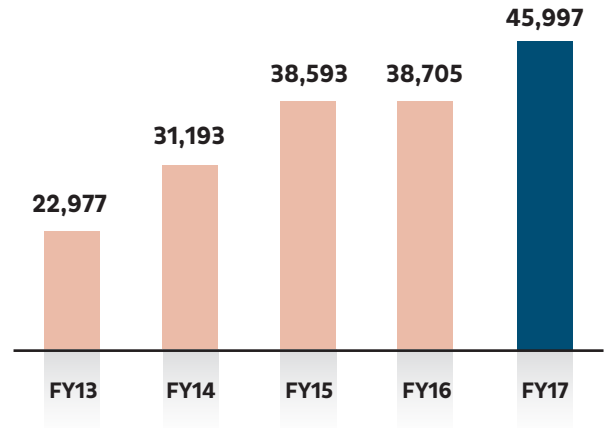
Sales (₹ million)

CAGR 15.8%



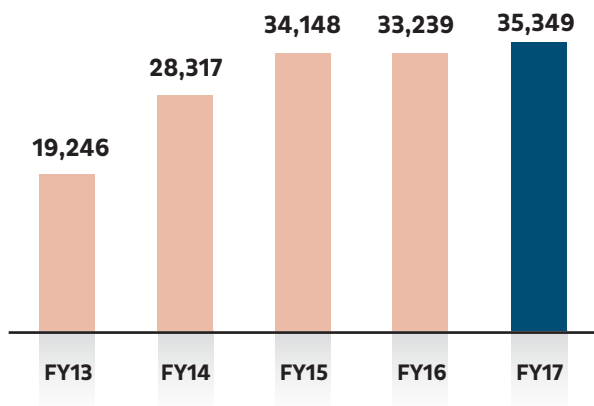
EBITDA (₹ million)

CAGR 18.9%



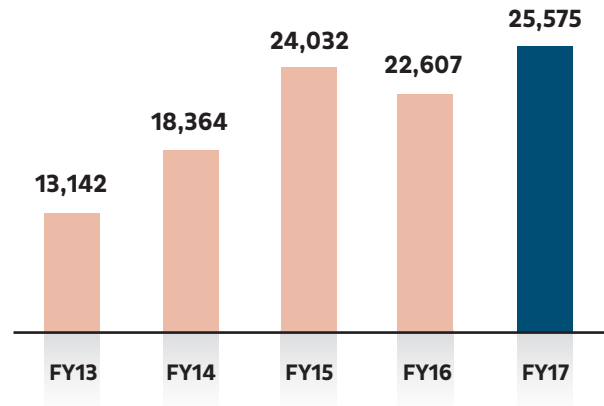
Profit Before Tax (₹ million)

CAGR 16.4%



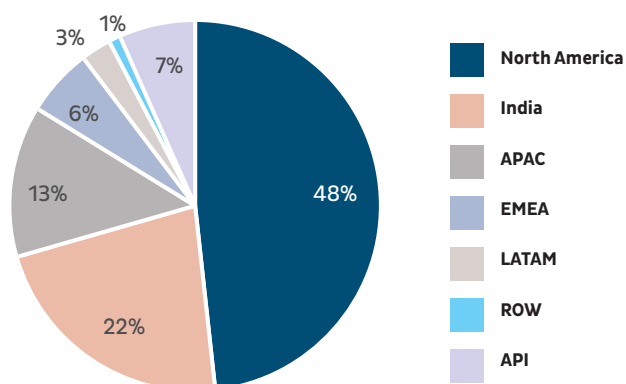
Net Profit (₹ million)

CAGR 18.1%



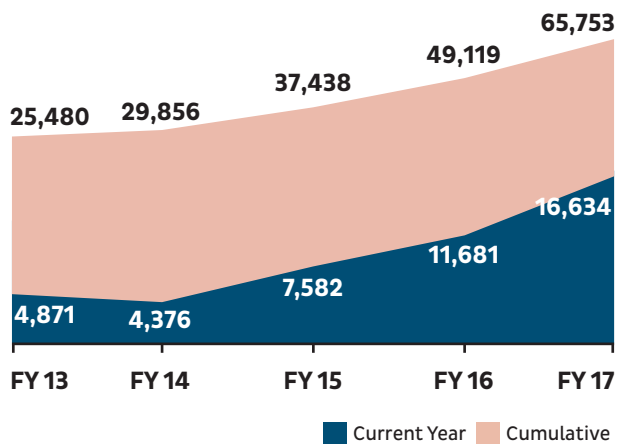
# The performance matrix

Revenue Mix

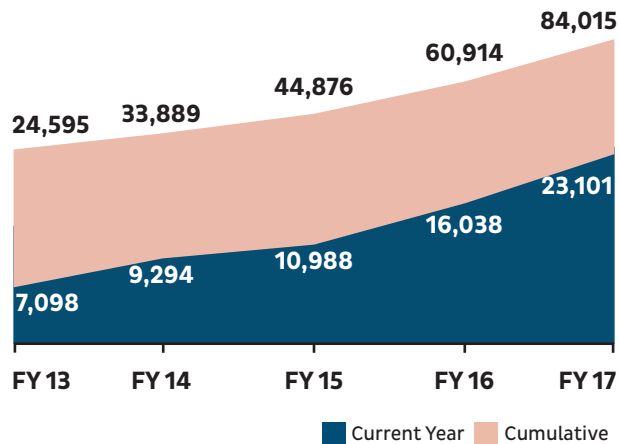


The Company has transitioned the basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS with effect from April 1, 2016. Hence, numbers are not strictly comparable.

Cumulative Capex (₹ million)

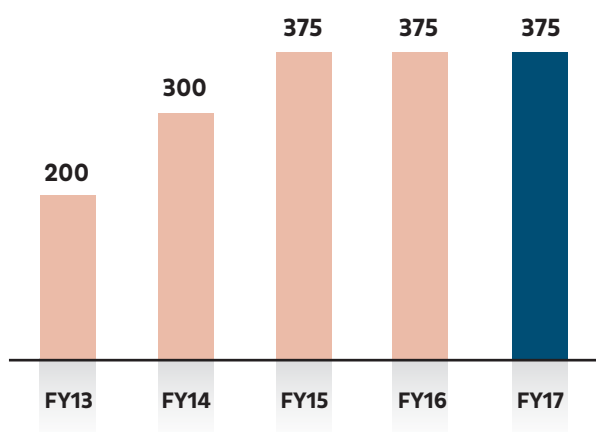


Cumulative Revenue R&D (₹ million)



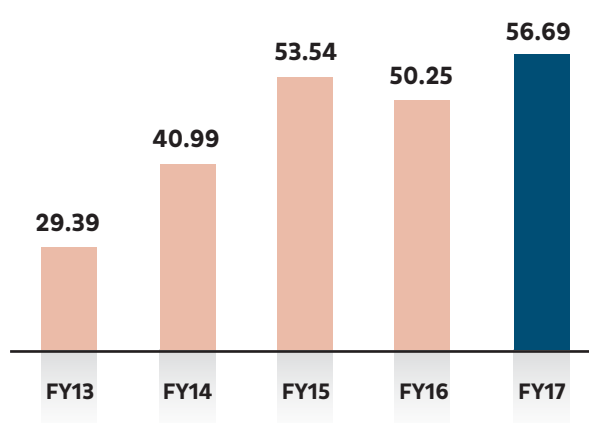
## Financial Highlights 2017

Dividend (%)



Earnings Per Share - Basic (₹)

CAGR 17.8%





# Expanding Horizons

United States

A light-colored silhouette map of the United States is positioned behind the text 'United States'.

**48%** CONTRIBUTION  
TO LUPIN'S  
GLOBAL REVENUES

**4<sup>th</sup>** LARGEST GENERIC  
COMPANY IN THE US  
BY PRESCRIPTIONS

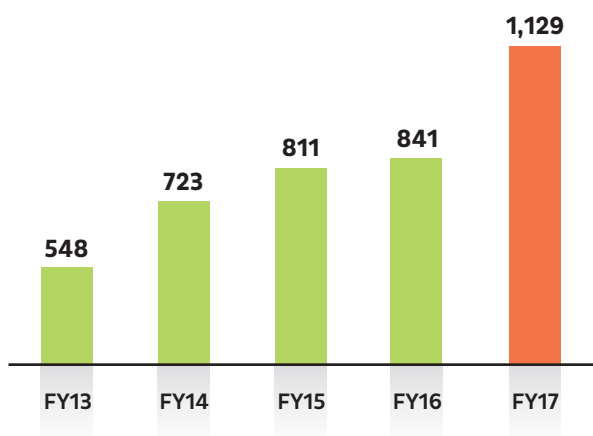
**368** ANDA  
FILINGS  
TILL DATE

The United States remains Lupin's largest and most important market with 48% share of total revenues.

The Company's US subsidiary, Lupin Pharmaceuticals, Inc. (LPI) delivers high-quality, branded and generic medicines trusted by healthcare professionals and patients across US. Lupin has built strong relationships in the US wholesale and retail channels with a reputation of reliability and high service levels and being a preferred supplier to the customers.



US Generic Revenues (USD million)



In addition, Lupin has gained a special consideration amongst pediatric specialists, primary care physicians and the OB/GYN women's health community with a dedicated field force to promote our branded product portfolio. Backed by strong commercial capabilities in the US market for both branded and generic products, Lupin is uniquely positioned to execute its growth strategy built on niche products, world-class research, manufacturing and supply chain capabilities, protected by strong Intellectual Property rights.

In March 2016, the Company completed its acquisition of US-based GAVIS Pharmaceuticals LLC and Novel Laboratories Inc. (GAVIS). This strategic acquisition enhances Lupin's scale in both, the US generics and brands market as well as broadens our pipeline in dermatology, controlled substance products and other niche generics. The acquisition brings to Lupin a highly skilled Manufacturing & Research organization in Somerset, New Jersey, which adds to our Coral Springs, Florida based R&D centre for Inhalation. The New Jersey facility, rechristened as Lupin Somerset, is the Company's first manufacturing site in the US. During FY 2017, the Company completed the integration of its Somerset site into its established business platforms for commercial, supply chain, manufacturing and R&D operations.

**FY 2017 marked a new milestone for Lupin, as our US revenues surpassed the USD 1 billion mark, closing at USD 1,207 million, a growth of 37% over FY 2016 revenues of USD 883 million. The revenues from our Brands business were USD 78 million, while the Generics business clocked in revenues of USD 1,129 million.**

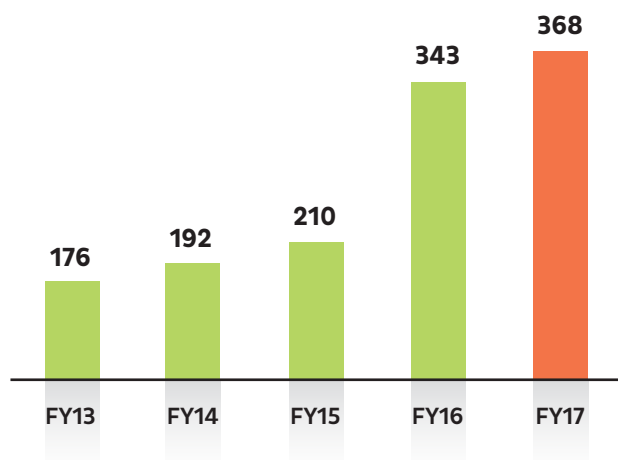
## US Generics

With a 5.3% market share by prescriptions (IMS NPA Audit), Lupin is the 4<sup>th</sup> largest generic company in the US, gaining a rank over last year. Lupin's success in the competitive generics market can be attributed to its focus on sales to gain market share based on reliability and service levels. This is exemplified in the performance as 45 of the 130 generic products marketed by Lupin were ranked No. 1 by market share while 83 of them were in the top 3 by market share (IMS Generics Module, March 2017).

To sustain our growth, we maintain a sharp focus on growing the market share of existing products while continuing new product introductions. We leverage our robust supply chain and continuously engage our trade partners and customers to maintain industry-leading response time. This helps Lupin to stay ahead of the curve and be the best in terms of fill ratios in the US market.

**The Company filed 37 ANDAs and one 505(b) (2) NDA in the US market during FY 2017 and currently has 154 ANDAs pending approval, addressing a total market size of over USD 74.9 billion. Of these, 28 ANDAs are first-to-file opportunities addressing a market size exceeding USD 13.1 billion. This includes 14 exclusive first-to-file ANDAs targeting a market size of approximately USD 2.6 billion.**

## Cumulative ANDA pipeline



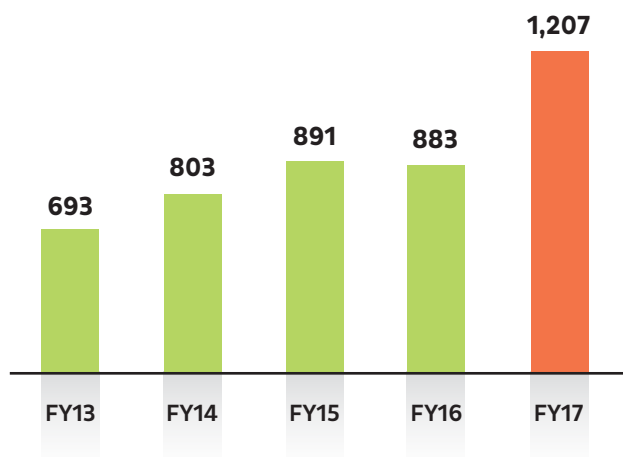
An increase in competition in certain exclusive and semi-exclusive products and consolidation among customers resulted in heightened generic pricing pressure. Despite the same, Lupin posted a 34% rise in revenues during FY 2017 to USD 1.1 billion which is an increase of USD 288 million over the previous year. During the year, 18 new products were launched including the successful commercialization of an exclusive generic version of Mibelas<sup>®</sup> 24 Fe.

## US Brands

US Brands business is one of Lupin's key differentiators. The Company repositioned the brands business to emerge as a formidable growth driver in the coming years. At the beginning of FY 2017, the Lupin brands team repositioned and began promoting two new products from the GAVIS portfolio - Methergine<sup>®</sup> and Methylphenidate. In FY 2017, these new brands contributed USD 44 million and drove total brands business revenues to USD 78 million, an 86% increase over FY 2016.



## US Formulations Revenues (USD million)



In order to provide renewed focus on the US brands business and in support of the Methergine® opportunity, we reorganized and “right-sized” the brands business into two segments based on therapeutic focus. Now, the Pharma sales force primarily promotes Antara® and Suprax® capsule brands, while the Specialty Hospital sales force focuses on promotion of Methergine® in the women’s health space. This realignment will help reinforce our presence in the US branded market and build a platform for sustained future growth.

Generic competition to our flagship Suprax OS brand resulted in 33% decline in our Suprax® branded franchise revenues. On the positive side, sales of the exclusive Antara® 90 mg brand witnessed a surge in sales by 36% compared to the previous year.

In the first quarter of FY 2017, Lupin re-introduced Methergine® (methylergonovine maleate) Oral Tablets 0.2 mg for the prevention and management of postpartum hemorrhage (PPH). Methergine® is the sole oral uterotonic approved by the FDA and is the favored oral agent to manage PPH, according to

guidelines issued by the American Congress of Obstetricians and Gynaecologist (ACOG). Majority of maternal deaths occur within 24 hours of birth, most commonly from excessive bleeding. Maternal mortality in the US are on the rise, where PPH is a leading cause of pregnancy complications. With Methergine®, Lupin’s Specialty Hospital Division is making a significant investment to help improve the management of PPH, providing professional medical education, leveraging a new specialized sales force to drive better awareness and access to care, and ensuring a more stable supply of this essential medicine.

As we move into FY 2018 and beyond, the Company endeavors to strengthen its portfolio with the launch of additional products developed and filed with the US FDA from its own pipeline as well as strategic brand acquisitions for the future.

## Dispensed TRx: US Pharmaceutical Industry

Dispensed TRx: Total US Industry, MAT, March 2017  
Lupin is ranked 5<sup>th</sup> in the US industry standings of all pharmaceuticals

Leading Corporations	MAT March 2017		
	TRx's mn	% Market Share	% Growth
<b>US Industry</b>			<b>1.3</b>
Teva	635	13.5	(12.1)
Mylan	347	7.4	(1.7)
Novartis	287	6.1	(5.9)
Endo	231	4.9	(15.3)
<b>Lupin</b>	<b>206</b>	<b>4.4</b>	<b>(0.1)</b>

Source: IMS Health, National Prescription Audit, March 2017

Dispensed TRx: Total US Unbranded Generics, MAT, March 2017  
Lupin is ranked 4<sup>th</sup> in the US industry standings of unbranded generics

Leading Corporations	MAT March 2017		
	TRx's mn	% Market Share	% Growth
<b>US Industry</b>			<b>2.6</b>
Teva	557	14.8	(12.5)
Mylan	336	8.9	(2.0)
Sandoz (Novartis)	246	6.6	(5.3)
<b>Lupin</b>	<b>199</b>	<b>5.3</b>	<b>(1.4)</b>
Endo	196	5.2	(13.6)



# Gaining Strength

**22%** CONTRIBUTION TO LUPIN'S GLOBAL REVENUES

**6<sup>th</sup>** LARGEST IN INDIAN PHARMACEUTICAL MARKET

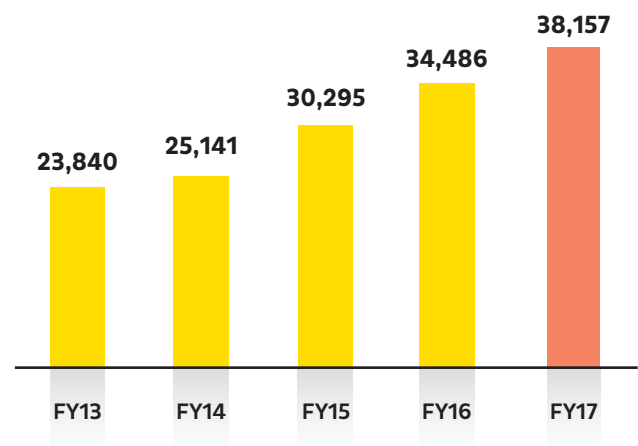
**6,600+** SPECIALTY FIELD FORCE

Lupin's India business has demonstrated robust growth in the current fiscal, featuring as the fastest growing player in the Indian Pharmaceutical Market (IPM). This is quite a commendable feat given the backdrop of a tough business environment, regulatory challenges coupled with frequent changes in drug prices by the National Pharmaceutical Pricing Authority (NPPA), impact of demonetization in the market and an increase in competition.

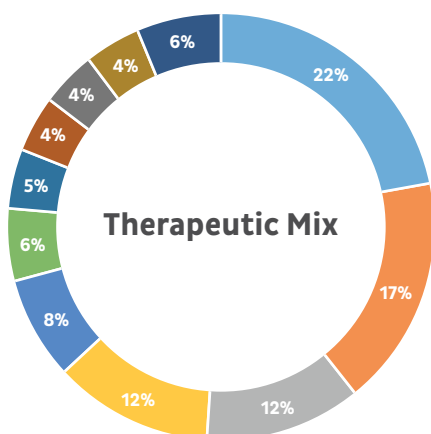


During the year ended March 2017, Lupin's India Formulations Revenues reached ₹ 38,157 million, representing growth of 11% over the previous year and 15% CAGR over five-year period. With 3.3% market share, Lupin is the 6<sup>th</sup> largest player in the Indian Pharmaceutical Market (IPM).

**Domestic Formulations Sales (₹ million)**



The Company's Top 5 therapies constitute more than 70% of the business in revenue terms. The endeavour has been to consolidate leadership in existing therapy areas by introducing novel molecules in the marketplace. We continue to strengthen our business by building new and fast growing therapeutic areas such as Gynaecology, Dermatology, Urology and Oncology, which will bolster our growth prospects for future.



- Cardiology
- Respiratory
- Vitamins / Minerals / Nutrients
- Neuro / CNS
- Anti-Diabetic
- Gastro-Intestinal
- Pain / Analgesics
- Others
- Anti-Infectives
- Anti-TB
- Gynaecology

We improved our ranking by two places and are currently the 6<sup>th</sup> largest player in the IPM. We have sustained our position in the Anti-TB and Cardiology therapy, where we are ranked No. 1 and No. 2 respectively. We also improved our ranking in Respiratory, Anti-Diabetic and Anti-Infective therapy area. We registered particularly strong growth in Respiratory, Anti-Diabetic, Gastro-Intestinal and Gynaecology therapeutic areas and improved upon our market share during the year.

## Domestic Market - Lupin's Therapy-wise ranking

	MAT March'17 Rank	MAT March'16 Rank	Market Growth %	Lupin Growth %	Lupin MS (%)
<b>Overall</b>	<b>6</b>	<b>8</b> ▲ 2	<b>9.1</b>	<b>14.4</b>	<b>3.3</b>
Anti-TB	1	1 ► 0	(1.9)	(2.1)	55.9
Cardiology	2	2 ► 0	8.4	9.3	6.4
Respiratory	2	3 ▲ 1	9.8	19.2	5.3
Anti-Diabetic	6	7 ▲ 1	17.6	32.4	4.7
Neuro /CNS	8	8 ► 0	10.2	14.4	2.5
Anti-Infectives	9	11 ▲ 2	4.8	8.5	3.4
Gynaecology	10	10 ► 0	7.2	31.3	3.1
Gastro-Intestinal	12	12 ► 0	8.5	18.0	2.5

Source: IMS MAT March'17

We have gained a distinctive edge over the competition through multiple strategic alliances with multinational pharma players which helped us to outperform the market on new product launches throughout the year. It is also a matter of great pride for us to see 9 of our brands feature amongst the Top 300 brands of IPM which includes an addition of 4 new brands in FY 2017 alone. Lupin ranked 4<sup>th</sup> in the new Introductions by value in IPM. Three brands introduced during the year achieved leadership position in their respective therapy areas. We have continued to focus on our product mix through new introductions; moving from acute to chronic and semi-chronic therapy segments and expanding alliances to meet unmet market needs. This is a reflection of the commitment of our sales and marketing initiatives as well as our ability to nurture and grow brands in an extremely competitive market. Lupin is well positioned to maintain its leadership in new product introductions with the goal to consolidate and improve its market share across segments. The success in the domestic market is an outcome of the dedication and expertise of our team of over 6,600 front line staff who remain committed to growth through strong customer engagement.

We improved our field force effectiveness through cutting edge technology solutions and devices (for instance, iPads for field force) by providing know-how and knowledge of new and existing products through detailing tools and digital solutions. Our on-going efforts to keep our field force abreast of the latest developments through e-learning modules and guides have also lead to a more confident and effective field force. Further, leveraging technology has helped us achieve efficient tracking and improve field force productivity.

As we embark on our journey next year, we are conscious of the challenges that lie ahead of us. With the imminent launch of GST by the Government of India, the industry dynamics are likely to be impacted resulting in a short term disruption. We expect this to stabilize in the medium term and prove beneficial to the industry over the long term.

We are well prepared to address the challenges posed by this structural change and are gearing up to ensure minimal disruption to our supply chain.





The Company launched the 'Softovac' brand under its OTC division in select regions in the second half of FY 2017 and has plans to execute the pan-India launch next fiscal year to start our journey in OTC business.





# Right Mix

**13%** CONTRIBUTION TO  
LUPIN'S  
GLOBAL REVENUES

**6<sup>th</sup>** LARGEST  
GENERIC PLAYER  
IN JAPAN

**21** BRANDS ACQUIRED  
IN JAPAN  
FROM SHIONOGI

Asia Pacific (APAC)

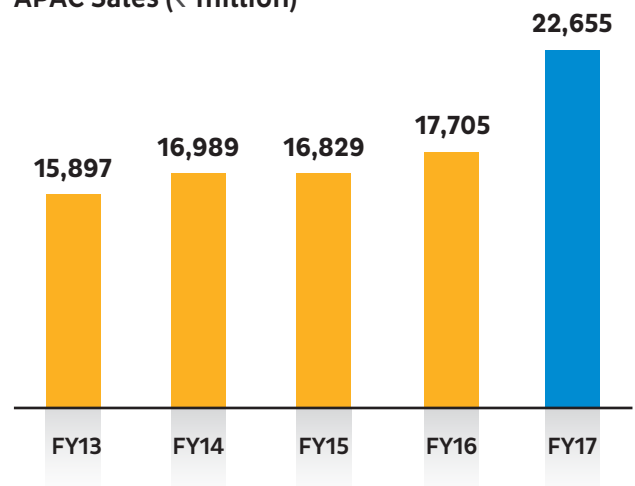


The APAC region is home to one of Lupin's largest markets, Japan. Valued at USD 352 billion, the region accounted for 20% of the global pharmaceutical market. Pharmaceutical sales in the APAC region have risen by 4.3% (constant currency) in 2016 (IMS) and the region is likely to remain one of the fastest growing in terms of healthcare spends. While aging population and concomitant spend on geriatric care, cost pressure particularly affect Japan, other markets are impacted by factors such as rising prevalence of chronic diseases, rapid urbanization, changing lifestyles. This adds to the complexity and intensity of medical needs in the market. Additionally, government initiatives to promote awareness of medicines, improve healthcare access and availability are catalysing pharmaceutical growth in the region.



Lupin's APAC region revenues grew by 28% during FY 2017. We have built on our leadership credentials in Japan whilst consolidating on our gains in pharma markets in Philippines, Australia and South-East Asia. The Company made inroads into new markets like Vietnam, Myanmar, Malaysia and Taiwan whilst continuing to keep an eye on newer markets to assess further growth opportunities.

APAC Sales (₹ million)



## Japan

Japan is the 3<sup>rd</sup> largest pharmaceutical market in the world with total sales of approximately USD 80 billion (IMS World Review 2017). According to IMS MIDAS (MAT December 2016), generic segment sales have grown 7.6% in value (constant currency exchange rate) and 13.6% in volume following the government's strong promotion of generic use to achieve the 80% generic substitution rate by 2020.

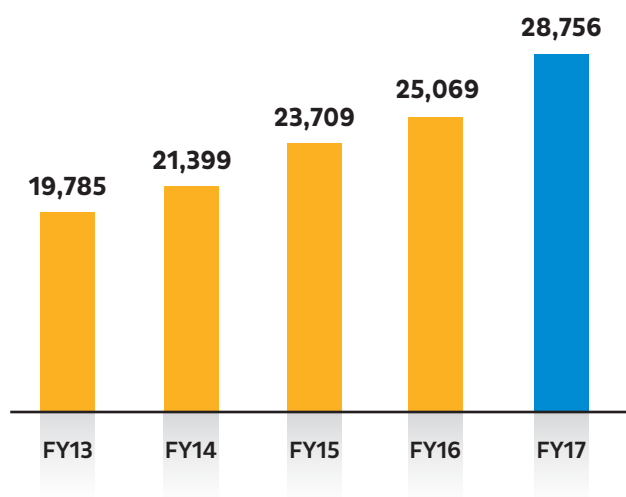
Japan is Lupin's 3<sup>rd</sup> largest market and contributed 10% to our global revenues during FY 2017. It is also the largest market within the APAC region, representing 79% of the region's total revenues. Lupin's subsidiaries in Japan, Kyowa and Kyowa Criticare (collectively Kyowa) generated JPY 28,756 million (₹ 17,812 million) in revenues reflecting a healthy 15% increase over the previous year.

Kyowa is the 6<sup>th</sup> largest generic player in Japan and has a strong presence in Neurology and Psychiatry where key products are promoted under the AMEL brand.

During the year, the Company acquired 21 brands from Shionogi which helped to consolidate itself as a major player in the CNS space. Kyowa also entered into an agreement with Astellas to secure the exclusive rights to distribute and promote a new brand - Bipresso XR (extended-release tablets of quetiapine fumarate), prescribed for depressive symptoms associated with bipolar disorder as a CNS specialty product. During the year, the Company introduced 8 new generics (38 SKUs) and 4 neuro-psychiatric products in the market.



### Japan Sales (JPY million)



In order to address growing demand, the Company expanded its manufacturing operations by commissioning a greenfield facility in Totorri. The Company's strategy to optimize cost by backending production at its dedicated off-shore facility in Goa gathered momentum during the course of the year with a significant increase in volumes and number of products. Kyowa's Research Centre at Osaka duly supported by Lupin's R&D capabilities worldwide are well geared to capitalize on upcoming patent expiration opportunities in Japan. This would help fulfil Kyowa's goal to become a significant player in the Japanese generic market with meaningful new launches across therapy areas.



### The Philippines

The Philippines pharmaceutical market scaled USD 3.5 billion in 2016, growing 5.5% in constant currency terms. The Company's subsidiary in the Philippines, Multicare Pharmaceuticals Philippines Inc. (Multicare) is ranked 21<sup>st</sup> and is the fastest growing generic company in the country. Multicare is a premium branded generics company which improved its position to Rank No. 5 among its peers (branded generic), and ranked 18<sup>th</sup> among the leading pharmaceutical companies in the country with a strong presence in Diabetes, Women's Health, Pediatrics, Respiratory, Central Nervous System and Oncology.

The Company had a strong year with revenues of PHP 1,969 million (₹ 2,741 million) growing at 23% compared to the previous year.

### Australia

The Australian pharmaceutical market is valued at USD 13 billion. Generics constitute more than 30% of the pharmaceutical sales volume in the region. The Company's Australian subsidiary, Generic Health generated revenues of AUD 34 million (₹ 1,713 million) and reported a growth of 17%. This performance helped the Company surpass market growth rate significantly. Generic Health is a supplier of generic Rx and OTC to pharmacies in Australia. It is the 7<sup>th</sup> largest company and also 4<sup>th</sup> fastest growing company in the generic segment in the country.

**17%** SALES GROWTH  
IN THE  
EMEA REGION

**4<sup>th</sup>** LARGEST GENERIC  
PHARMACEUTICAL COMPANY  
IN SOUTH AFRICA

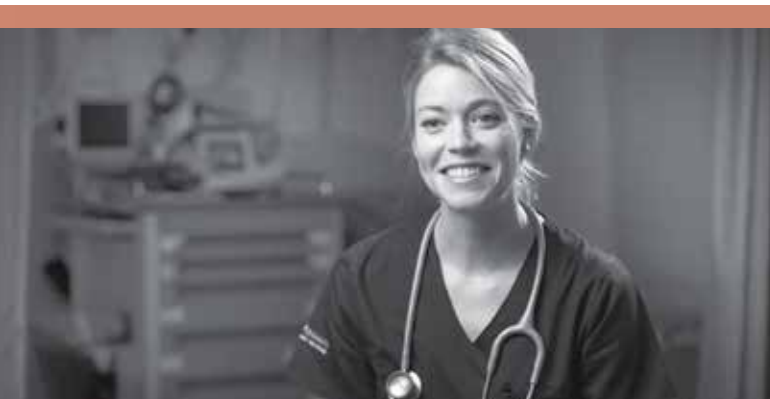
**1bn** REVENUES  
IN ZAR  
TERMS



Europe, Middle-East & Africa (EMEA)

Setting  
the pace

Lupin's EMEA business headquartered in Zug, Switzerland includes Europe, Middle-East, Asia and Africa. Lupin EMEA registered revenues of ₹ 10,115 million in FY 2017, accounting for 6% of the Company's global revenues. Lupin's strategy is centred building a meaningful presence in the Top 5 European markets with a robust portfolio of niche products and meaningful forays in the specialty space. In addition, the Company is gearing to scale up its presence in emerging markets of South Africa, Russia and other allied markets.



### Europe

Building on our growth momentum, Lupin's Europe revenues grew 11%, registering sales of ₹ 4,507 million. In line with its strategy of building a Specialty products portfolio while nurturing its Generics business in the region, the Company is exploring possibilities of additions to its existing portfolio acquired from Temmler Pharma GmbH & Co. in FY 2016. This includes Specialty products for an orphan indication which can be commercialised across Top 5 European markets. Lupin's partnered business in Europe continued to perform strongly during FY 2017 on the back of niche product launches in the ARV segment.

Lupin's German subsidiary Hormosan, with a balanced mix of Generics and Specialty products, particularly focussing on Neurology, achieved a strong sales growth of 25% in FY 2017.

The Company filed three marketing authorization applications with European authorities in addition to getting six approvals during the year. Currently, the cumulative filings for Europe stand at 62 with 55 approvals received till date.

### South Africa

The South African pharmaceutical market, with a current market size of USD 2.7 billion is growing at 6.4% in value and 1.6% in volume terms. In FY 2017, Lupin's South African subsidiary Pharma Dynamics (PD) achieved the milestone of scaling ZAR 1 billion (₹ 4,816 million) in revenues for the first time since its inception with a growth of 21% over the previous fiscal in constant currency terms.

PD ranks among the top 20 pharmaceutical companies in South Africa and is currently the 4<sup>th</sup> largest generics player as well as the 3<sup>rd</sup> largest generic company by prescriptions in the country (IMS Health, March 2017). PD is the market leader in the cardiovascular space with sales of ZAR 530 million.





**29%** SALES GROWTH  
IN THE  
LATAM REGION

**4<sup>th</sup>** LARGEST  
OPHTHALMIC PLAYER  
IN MEXICO

**53%** SALES GROWTH  
IN THE  
BRAZILIAN MARKET

Latin America (LATAM)

Spreading  
our wings



As part of its strategic vision, Lupin identified growth opportunities in Latin America and presence in two of the largest markets in the region - Brazil and Mexico. It has been two years since Lupin entered the region through acquisitions of Medquímica Industria Farmaceutica LTDA (Medquimica) in Brazil and Laboratorios Grin S.A. DE C.V. (Grin) in Mexico.

The region registered good growth in FY 2017 despite currency devaluations impacting both the Brazilian Real and the Mexican Peso over the last 12 months. Currently, the focus lies on expanding our product portfolio, enhancing footprint and deepening relationship with existing partners. By achieving this, we expect to increase sales and claim a greater share of the Latin American market.

#### **Brazil**

Brazil stands out as a major market for pharmaceuticals in Latin America and accounts for over 35% of the regional sales, ranked as the 6<sup>th</sup> largest pharmaceutical market in the world. It is valued at USD 23 billion with potential to sustain low double digit growth over the next 5 years.

Lupin's Brazilian subsidiary, Medquimica has gained a reputation as one of Brazil's fastest growing branded generic companies with a growth of 53% for FY 2017 and sales of BRL 126 million. It improved its ranking by three positions, featuring amongst the Top 15 companies in terms of volumes. It would be our endeavor to expand and strengthen our branded generics portfolio through the organic route complemented by strategic alliances. Apart from this,



we will expand our portfolio in niche therapies like Ophthalmology, Respiratory and Dermatology resulting in steady pace of new product launches over the next few years.

#### **Mexico**

Mexico is the world's 11<sup>th</sup> largest and LATAM's 2<sup>nd</sup> largest pharmaceutical market sizing up to USD 14.5 billion. Grin, Lupin's subsidiary in Mexico has over its five decades of existence emerged as a specialty pharmaceutical company developing and manufacturing branded ophthalmic products. The Company continues to outshine competition and the industry in the represented segments. Grin reported revenues of MXP 530 million in FY 2017 on the back of a healthy number of product approvals. Today, Grin holds the 4<sup>th</sup> position amongst the ophthalmic players in Mexico as it looks to build on its strength and gradually expand its therapeutic presence into other areas such as Respiratory, etc.





# Vertical Alignment

Global Active Pharmaceutical Ingredients



**7%** CONTRIBUTION TO  
LUPIN'S  
GLOBAL REVENUES

**No.1** IN ANTI-TB  
SEGMENT  
GLOBALLY

**187** CUMULATIVE  
DMF  
FILINGS

**Global Active Pharmaceutical Ingredients includes Lupin's Active Pharmaceutical Ingredients (API) peer to peer business as well as the Global Institutional Business (GIB).**

**API are the principal ingredients for pharmaceutical finished products. Over the last three decades, India has established itself as one of the most preferred manufacturer and supplier of API globally, in particular to the US and Europe. FY 2017 saw the Company's API output significantly increase in volume as well as value with revenues of ₹ 11,383 million accounting for 7% of the Company's overall revenues.**



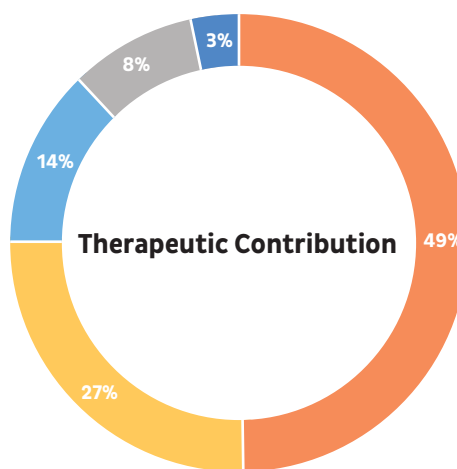
While India itself is a large market, the Indian API industry is primarily export-driven and the past few years have seen it shift in favor of regulated markets. Outside the US, India holds the proud distinction as the world's leader in Drug Master Files (DMF) applications.

With a legacy spanning four decades, Lupin is one of the few global Pharmaceutical companies with a meaningful API business. We remain one of the most vertically integrated companies with a sharp focus on building efficiencies in manufacturing quality APIs and achieving significant global scale. Strengthening the product portfolio, ensuring new customer lock-ins in Advanced Markets like US, Europe and Japan and cementing newer partnerships in emerging markets like China, Brazil, Mexico, Korea and Russia have been some of the key highlights of FY 2017.

We are consciously investing in adopting green chemistry and enzymatic technologies with a dual purpose of improving efficiencies and protecting the environment. Fermentation technology based products have been Lupin's specialty expertise and we are on track to introduce newer products in this field.

The GIB business continues to maintain its prestigious position as one of the few coveted suppliers of Anti-TB products to WHO's Global Drug facility with the highest market share. Our supplies have contributed largely to India's Tuberculosis (TB) eradication program as envisioned by the Government of India. Lupin is also the sole Company to have both its API and formulations for TB products pre-qualified by the WHO globally.

**TB remains one of the largest menaces faced by mankind and Lupin is at the forefront to combat and eradicate this menace. We are currently developing a range of second line Anti-TB drugs for global supply and also closely working with global health authorities to fight the deadly effects of the disease. Apart from this, we are also developing a variety of children-friendly Anti-TB formulations which would help treat young patients so they can live a healthier, happier life.**



■ Anti-TB      ■ Cephalosporins      ■ Cardiovascular  
■ Intermediate      ■ Others

## Research & Development

# Powering the future

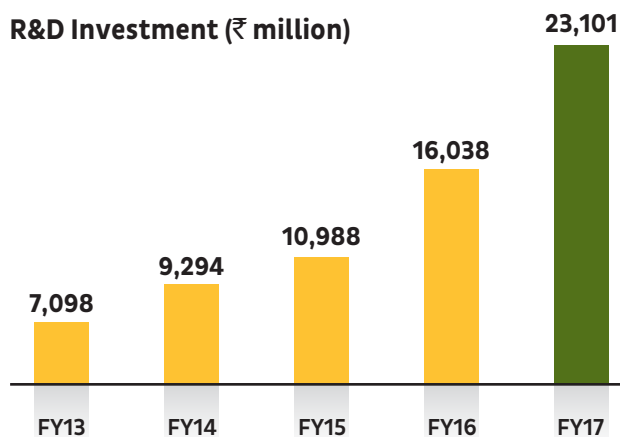
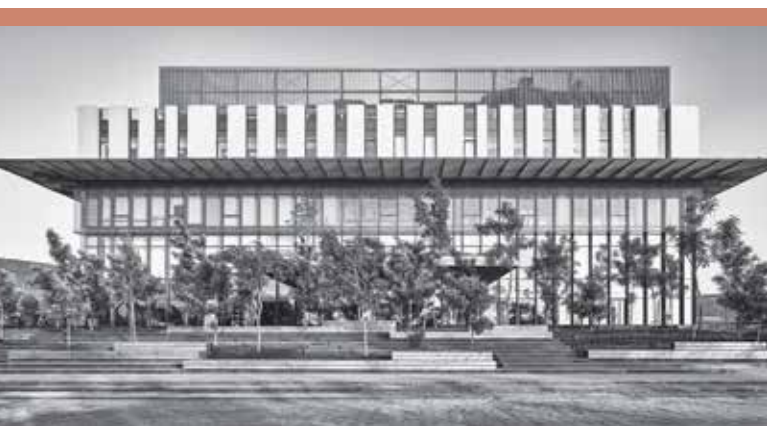
**13.5%** OF NET SALES  
INVESTED IN  
RESEARCH

**₹84bn** CUMULATIVE  
RESEARCH INVESTMENT  
OVER THE LAST 10 YEARS

**2,837** PATENTS FILED  
AS ON 31<sup>ST</sup>  
MARCH 2017

Technological progress and scientific advancements continue to transform lives and disrupt businesses. Additionally, pharmaceutical business paradigms are also being impacted by factors beyond the conventional forces such as aging populations, spiraling healthcare costs, increase in chronic diseases or change in disease patterns. The industry needs to embrace new advances in digital technology, communications, systems and software. The global pharmaceutical industry is on the cusp of an era of significant transformation.

The world of life sciences is converging like never before and the convergence of pharmaceutical, biotechnology and medical technology would improve outcomes that could dramatically alter drug development and delivery.



Lupin's investments in Research and Development (R&D) have helped us gain a leadership position in differentiated product introductions and become a formidable player in the generics space. It forms the base for further successes as we emerge gradually as a specialty pharmaceutical player. These investments are calibrated for risks and appropriate returns and encompass not merely the developed markets like US, Europe and Japan but also the emerging markets.

With a solid team of 1,700 scientists and technologists employed at our state-of-the-art facilities in India and abroad, we are well on track to emerge as an innovation led transnational pharmaceutical powerhouse providing affordable healthcare solutions with uncompromising quality. Lupin's research scientists have a proven track record of delivering high quality technology intensive products, Active Pharmaceutical Ingredients (APIs), Formulations and newer dispensation forms.

In keeping with our focus on research led financial growth, we have increased investments in Research & Development in the current fiscal to ₹ 23,101 million, which is 13.5% of our global revenues. This continues to drive our efforts in finding novel solutions and ramp up efforts on a range of delivery systems spanning multiple concepts and solutions.

The scientists work closely with the respective business teams to generate innovative concepts and ideas, exploiting both the unmet market and synergies across therapeutic areas. We focus on areas like complex generics, Novel Drug Discovery and Development (NDDD) and Biotechnology.

### Novel Drug Discovery & Development (NDDD)

The NDDD team has developed a pipeline of 11 highly differentiated and innovative new chemical entities in focused therapy areas of CNS disorders, Oncology, Immunology, Pain and Metabolic disorders.

#### Key Targets & Status:

**Immunology:** Clinical Phase-I study successfully completed in Europe and two Phase-II studies in Europe are ongoing (Rheumatoid Arthritis and Psoriasis). The targets have the potential to be first-in-class in chosen therapy area.

**Endocrine:** Clinical Phase-I study successfully completed in Europe and has met the approvable primary end-point. Results for Phase-II will soon be ready and further studies will be conducted in India.

**Oncology:** Clinical Phase-I study has been successfully completed in Europe on terminally-ill patients (Lung Cancer, Melanoma & Colon Cancer). Phase-II study will soon commence in India for treating refractory type of Lung cancer.

### Biotechnology Development Program

Based out of Pune, Lupin Biotech, our world-class R&D centre was founded in 2008 with advanced capabilities in areas like development, manufacturing and pre-clinical studies to clinical programs in biotechnology products required for approval in both regulated and semi-regulated markets.

The developmental pipeline includes a mix of blockbuster products of both microbial and mammalian origin, across diverse indications such as rheumatoid arthritis, ophthalmology, oncology and osteoporosis indications.

### Highlights – FY 2017

- Construction and commissioning of state-of-the-art fill-finish facility within the Biotech premises
- The first two oncology products commercialized in India: Lupifil® and Lupifil-P® (biosimilars for the molecules-Filgrastim and Peg-Filgrastim) are steadily gaining traction in the Indian market since its launch in May 2015. Preparations are underway to seek approval and register these products across global markets
- Biosimilar for Etanercept (brand Enbrel) is being developed currently with YL Biologics (the joint venture of Lupin and Yoshindo, Japan) and the global Phase-III clinical trials are nearing completion. Our global trials for biosimilar Etanercept were conducted across Japan, India and markets of Europe on over 500 patients

The coming year has exciting milestones to look forward to, especially with MAA filings slated in Japan and Europe. The manufacturing facility is also gearing up for audits by respective regulatory agencies and paving a path for swift commercialization of the product.

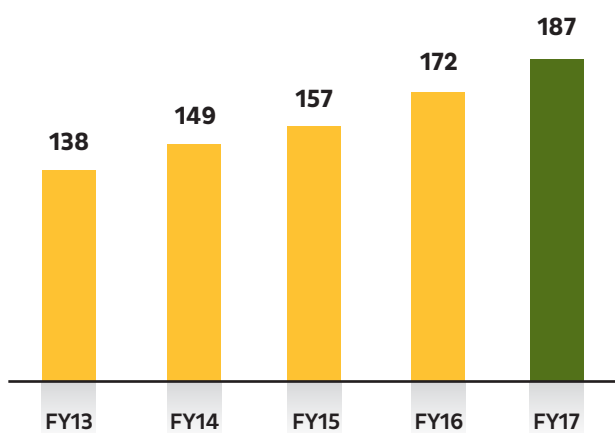
Comprehensive regulatory strategies are being devised to optimize the development timelines. Clinical trial initiation for two more priority projects are planned in the upcoming year, in addition to the ongoing trials for Etanercept.

The pipeline is well positioned to ride the wave of upcoming biosimilars in the short and long term respectively. High throughput methods, automation and future technologies are being put to test for the development and selection of high-yielding Biosimilar clones.

The Company's efforts during the year resulted in it filing 3 National Phase patents in the global markets accompanied by 2 provisional patents and 1 PCT application.

Lupin Biotech plans to progress across markets with international partners possessing complementary capabilities in product development, IP generation and

### Cumulative DMF Filings



commercialization. This would help to mitigate risk and achieve higher execution success. The Company hopes to realize our ambition of positioning Lupin Biotech as a global player navigating complex regulatory, IP and socio-economic framework.

### Generic Pharmaceutical and API Research

Yet again, Lupin's Generic Pharmaceutical Research team has demonstrated a stellar performance with a record number of ANDA filings in US and other advanced markets from its global R&D hub in Pune, India. With the commissioning of the new R&D building at Pune, India, Lupin can now boast of one of the most advanced pharmaceutical product development & pilot plant facilities for oral, ophthalmic, dermatology and inhalation product development. This facility will be leading future innovations aimed at creating a highly differentiated global pipeline of complex generics.

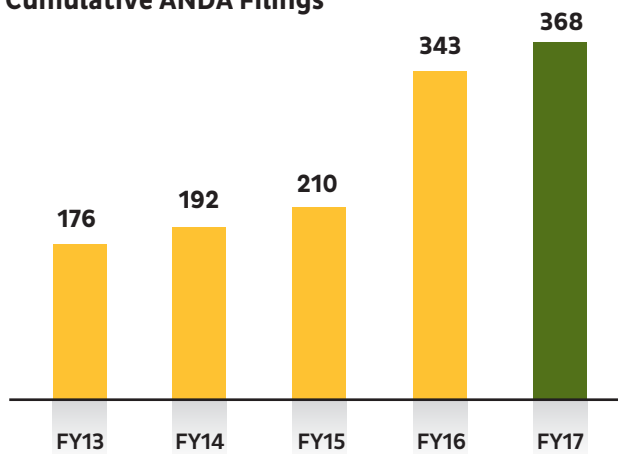
The Company's generic pipeline is focused on identifying and developing high entry barrier products with complexities linked with delivery system, device compatibility and clinical trial requirement. Simultaneously, we continue to bolster our oral solids pipeline in view of upcoming patent expiration as well as market needs thereby providing a balanced mix to the pipeline.

The formulations research is supported by API Process Research Group. This includes 150 scientists assisted by equal number of analytical chemists who specialize in the development of processes for the manufacturing of APIs including intermediates, key starting material, chemicals and biological (fermentation).

Lupin's process research consists of chemical technologies, including chemical synthesis, semi-synthetic fermentation, enzymatic synthesis and high potent API development. Furthermore, it also champions the advanced research in solid-state particle technology and polymorphism.



## Cumulative ANDA Filings



### Highlights - FY 2017

- Filed 37 ANDAs & 1 NDA (31 oral, 5 dermatology, 1 ophthalmic & 1 metered dose inhaler), including 3 confirmed FTF and 4 potential FTF products with the US FDA. Lupin received 34 ANDA approvals from US FDA during FY 2017. Cumulative ANDA filings with the US FDA now stand at 368 with 214 approvals received to date. Lupin now has total of 45 FTF ANDAs which includes 23 exclusive FTF opportunities
- Filed 23 generic products in other advanced markets including EMEA (Europe, South Africa & Russia), APAC (Japan & Australia), Canada, Latin America & Mexico and also received 16 approvals in these markets
- Filed 15 DMFs, taking the cumulative filings to 187. Additionally, filed 3 PEPFAR DMFs and 2 CEP filings

### Intellectual Property Management Group (IPMG)

Lupin's IPMG has been responsible for creating, cultivating, leveraging and securing an ever growing portfolio of high-value patents, product and research pipeline. Its IPMG has been carrying out patent litigations and challenges successfully.

The Company was first-to-file with respect to the generic versions of Belviiq® tablets, Myrbetriq® extended release tablets and Eliquis® tablets. Lupin's confirmed first-to-file products tally of 45 remains impressive. We successfully launched the generic versions of the following products with first-to-file exclusivity - Minastrin® 24 Fe (Ethinyl Estradiol; Norethindrone acetate, 0.02mg; 1mg, Chewable Tablets), Quartette® (Ethinyl Estradiol; Levonorgestrel, 0.02mg, 0.15mg; 0.025mg, 0.15mg; 0.03mg, 0.15mg; 0.01mg, N/A, Tablets) and Pristiq® (Desvenlafaxine 50mg and 100mg ER Tablets).

In addition, the Company settled twelve pending patent litigations during the fiscal and received favorable decisions on Axiron®, Effient® and Abilify®.

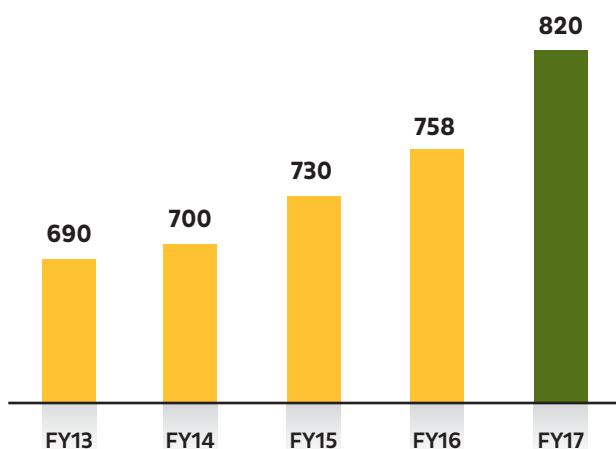
In FY 2017, our research led patent filing grew strong as we filed for 312 applications. Since its inception, Lupin has filed 2,837 patents across a wide global network. The patent applications filed during FY 2017 includes 39 formulation patent applications, 128 API/process patent applications in addition to 42 biotech patent applications and 103 NDDD patent applications. We successfully secured 72 patents including 3 formulation patents, 3 API patents and 66 NDDD patents.

### Lupin Bioresearch Centre

The Lupin Bioresearch Centre (LBC) located in Pune, India has continuously maintained its stellar performance on the regulatory compliance front with successful UK MHRA, US FDA, DCGI and NABL inspections in FY 2017 for conducting bioequivalence studies for Lupin's generic products and branded formulations. LBC has also managed Lupin's outsourced bioequivalence studies including project management.

LBC has both clinical and bioanalytical capabilities - 2 in-house clinics and bioanalytical labs equipped with 14 high-end LC-MS/MS systems, 2 Ion Chromatography (IC) systems, 1MSD / ELISA systems for PK/PD and Immunogenicity studies of Biosimilar products. LBC supports global clinical projects for Lupin's R&D verticals in India, Japan and US. In FY 2017, LBC established the in-vitro BE laboratory to conduct regulatory studies for Lupin's respiratory product development program and also established efficient Biometrics department for its ANDA program. LBC completed 42 full studies during FY 2017 at its site, taking the cumulative tally to 267 studies and established about 200 validated analytical methods till date.

### Finished Dosages Filings (Rest of the World)



**18** MANUFACTURING  
SITES  
GLOBALLY

**₹66bn** CUMULATIVE  
CAPITAL EXPENDITURE  
OVER THE LAST 10 YEARS

**>7,500** LUPINYTTS  
ENGAGED IN  
MANUFACTURING

# Leveraging Technology

Global Manufacturing  
& Supply Chain



**Lupin takes pride in its quality-led manufacturing base that keeps the customer at the centre of its business philosophy. A global network of state-of-the-art manufacturing facilities has helped us build scale and enabled us to meet customer needs.**

**Our ability to lead as a global formulations and API powerhouse is an outcome of our unrelenting focus on operational excellence and quality programs. The philosophy is simple – drive continuous improvement and innovation, facilitate teamwork, eliminate inefficiencies and encourage lean manufacturing. We are bound by this philosophy across all our 18 manufacturing facilities in India, United States, Japan, Brazil and Mexico.**

As per global manufacturing norms, all pharmaceutical facilities are periodically inspected and audited by regulatory authorities like the US FDA, World Health Organization (WHO), MHRA (UK), TGA (Australia), MHLW (Japan), ANVISA (Brazil) and MCC (South Africa), among others. Lupin's manufacturing facilities are also inspected as a standard practice. Our operations, supply chain and procurement processes are aligned to global commercial plan and protocols. This helps to ensure smooth transfer of inputs into our plants and timely output of products to world-wide customers.

Our Global supply chain has been instrumental in making us the preferred suppliers amongst customers. The key metrics of deliverance like OTIF (On Time in Full) has remained above 95% in majority of the markets. This has enabled improvement in metrics like 'Forecast Accuracy', 'Requirement Vs Commitment' and 'Adherence to Plan' in the current financial year. We value our customers deeply and have placed stringent procurement processes in order to be competitive and serve them on-time. In order to minimize supply dependency, de-risking projects are routinely undertaken for seamless supply and cost optimization.

#### **Highlights - FY 2017**

- Successfully cleared the US FDA inspection at Dabhasa, Indore, Nagpur and Mandideep facilities as well as at the Lupin Bioresearch Centre in Pune during the year
- Successful inspections by other regulators such as MHRA (UK), ANVISA (Brazil), PMDA (Japan) and WHO during the year
- Quality transformation project was undertaken in collaboration with PricewaterhouseCoopers (PwC) at Tarapur and Goa plant. The learnings from this project are being extended to the other manufacturing facilities as well

- New formulations facility at Sikkim commenced commercial production to support the growing market in India. We also expanded our fermentation capacity at Tarapur to support new products – Capreomycin & Kanamycin into our Global Institutional Business portfolio and commissioned pilot Biotech fill-finish dosage formulations facility in Pune
- Investing in a new sterile formulations facility at Nagpur, a new Oncology API manufacturing facility at Vishakhapatnam and expanding our OSD facilities at Nagpur & Indore
- Expansion of our manufacturing footprint overseas by setting up a green-field Oral Solid Dosage (OSD) facility at Tottori, Japan and expansion of manufacturing capacity at its formulations facility in Somerset, US

These investments were made to create sufficient capacities to support future business growth and build new capabilities for complex and specialty generics.

'DISHA' – the Company's initiative for operational excellence completed 5 years. Key highlights:

- Currently 100+ operational excellence projects are in progress
- Lupin retained the prestigious QCI-DLShah National Award for operational excellence for the 3rd consecutive time. We also bagged the 10th Lean Six Sigma National Level Competition organized by CII
- Lupin continues to live up to high standards set by other global giants like McKinsey & Company on productivity (POBOS- Pharma Operations Benchmarking of Solids)
- Capability development has always been a key area of focus for 'DISHA' – the Company's initiative for operational excellence. As a result, more than 2,000 Lupinytts have undergone training for Lean, Six Sigma, TPM, MOST and ERR





# Collaborating for Success

## Human Resources

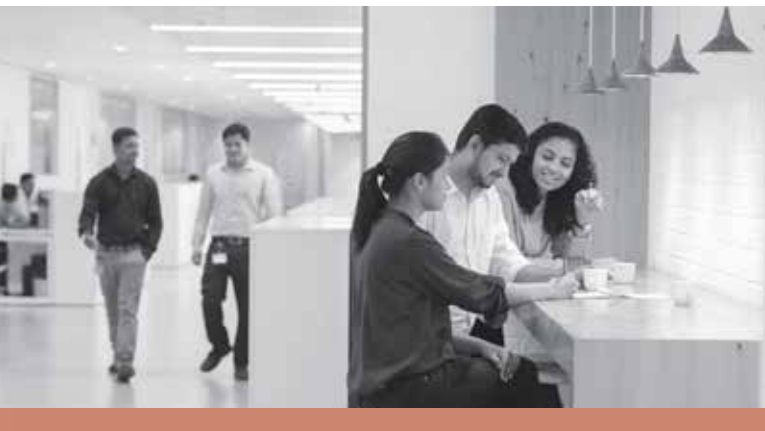
**20,000** LUPINYTTS  
GLOBALLY

**>4,000** LUPINYTTS COVERED  
UNDER THE LUPIN  
STOCK OPTION PLAN

**32YRS** AVERAGE  
AGE OF A  
LUPINYTT

At Lupin our endeavor is to create a harmonious and inclusive environment where our people can realize their full potential. Our ambitious strategy of growth in developed and emerging markets need a workforce of talented and motivated individuals who can adopt the Company's "One Lupin" culture.

Our value-driven culture rooted in innovation and operational excellence offers a great environment to realise professional aspirations. Our highly motivated and experienced team are a competitive advantage. As a testament of our progressive people-centric HR practices, Lupin is featured in the List of Top Employers categorized as 'Great Places to Work – 2017'. Lupin is recognized in the top 15 Great places to work in Asia 2015 and Aon best employers of India 2016. This recognition is a reflection of the trust our employees have in the Company and is due to the solid foundation of credibility, respect, fairness, pride and camaraderie.



Our organization is built around the "Spirit of Lupin" – a pledge of unyielding integrity, passion for excellence, teamwork, entrepreneurial spirit, respect & care and customer focus as the foundational values that shape our culture. The vision of HR is to guide our people initiatives to "Enable, Build and Grow" talent across the organization to meet business aspirations.



We believe that People play a pivotal role in contributing to organization's growth and success and are therefore indispensable to the success of our organization. We aim to achieve success through the policies and nurture people skills and capabilities through best-in-class training.

We believe that every Lupinytt is a Partner with us in our journey to Progress. The Partners in Progress – an Employee Stock Option program is performance lead without being driven by organizational hierarchy. This gives every employee, a chance to participate in the growth story of the Company by directly contributing to and reaping the sweet rewards of success.

Being a global company, we strive to create an open mindset to build a common pool of highly skilled executives and professionals. Our endeavor is to develop an integrated system oriented towards institutionalized development of talent management process and offer the resources and training interventions to prepare our teams to win in the market.



**2.8** MILLION  
FAMILIES  
BENEFITED

**3,463** VILLAGES  
COVERED

**21** DISTRICTS  
DIRECT  
PRESENCE

# Social Consciousness

Corporate Social Obligation

Decades before Corporate Social Responsibility (CSR) became mandatory, we were amongst the first corporates to take concrete steps towards ensuring that the benefits of economic progress and of scientific and social development reach rural India. The Lupin Human Welfare & Research Foundation (LHWRF) was founded in 1988.

We aim to transform rural India by creating sustainable and replicable programs around economic, social and infrastructure development targeted at uplifting the poorest of the poor residing in remote villages of India.

Our Founder & Chairman, Dr. Desh Bandhu Gupta has always believed that an individual is indebted to Society for his or her growth. It was this guiding inner voice that led to the formation of LHWRF. We have chosen to work in the poorest of villages, in the most dire circumstances – and our activities have been backed by human development indicators.

Over the years, we have expanded our outreach and added scale to ensure growth and progress for rural communities across the country. The Foundation reaches out to 2.8 million people, living in over 3,463 villages located in 59 blocks, spread across 8 states in India. We operate through 18 hubs in Rajasthan (Alwar, Dholpur and Bharatpur), Maharashtra (Nagpur, Tarapur, Aurangabad, Dhule, Nandurbar, Pune and Sindhudurg), Madhya Pradesh (Bhopal and Dhar), Uttarakhand (Rishikesh), Goa (Dhargal), Gujarat (Dabhasa and Ankleshwar), Jammu and Kashmir (Jammu) and Andhra Pradesh (Vizag).



**The key focus areas of LHWRF programs are –**

- **Agriculture development**
- **Promoting livestock development**
- **Skill development**
- **Rural Industries promotion**
- **Women empowerment**
- **Providing Quality Health Services in remote areas**
- **Innovative Education interventions**
- **Infrastructure development and Natural Resource Management**

As Lupin marches into its 50<sup>th</sup> year, LHWRF's journey has just begun and we are steadfast in our mission to ensure that growth and true progress reaches everyone. Our aim is to set sail on a remarkable journey of discovery and transformation, building a brighter and happier tomorrow. A journey towards new horizons.

# Strategically Aligned

## Chief Financial Officer & Executive Director's Letter – Financial Review

**13** TIMES MARKET CAP  
GREW OVER THE  
LAST DECADE

**8** TIMES REVENUE  
GREW OVER THE  
LAST DECADE

**9** TIMES EBITDA  
GREW OVER THE  
LAST DECADE



**Ramesh Swaminathan**

*Chief Financial Officer  
& Executive Director  
Lupin Limited*



## Business Performance & Balance Sheet Highlights

Lupin maintained its upward growth momentum amidst very challenging and dynamic global economic conditions in the year gone by. The Company ended the fiscal on a high note registering significant growth across our key markets. Lupin remains committed to delivering and enhancing shareholder value which is reflected in an increase in market capitalization by over thirteen times in the last decade.

- The Company recorded consolidated sales of ₹ 171,198 million in FY 2017, a growth of 24% over FY 2016
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) increased by 19% to ₹ 45,997 million as compared to ₹ 38,705 million in FY 2016
- Profit before tax (PBT) increased by 6% to ₹ 35,349 million as compared to ₹ 33,239 million in FY 2016
- Net profit increased by 13% to ₹ 25,575 million as compared to ₹ 22,607 million in FY 2016
- Our Reserves & Surplus increased to ₹ 134,976 million during FY 2017
- Net Debt-Equity ratio for the Company stands at 0.38:1

## Earnings per Share, Dividend & Taxation

The Company recorded Earnings per Share (EPS) of ₹ 56.69 during FY 2017. Lupin's Board of Directors proposed a dividend of 375%. The Company's effective tax rate for FY 2017 was 27.6% as compared 31.8% during FY 2016.

## Investing for Future

### Mergers & Acquisitions (M&A)

The inorganic expansion for the Company which was strategically focused on geographical expansion in order to leverage a robust generic portfolio is now aligned towards Specialty areas and niche technological platforms in the developed markets. Much of Lupin's M&A activity in FY 2017 was focused on strengthening our positioning in Japan. In this direction, Lupin acquired a portfolio of 21 long-listed products from Shionogi & Co., Ltd. (Japan). The acquired portfolio covers therapy areas such as Central Nervous System (CNS), Oncology, Cardiovascular and Anti-Infectives. These 21 products generated sales of JPY 9,400 million (USD 90 million) collectively on NHI price basis. Consequently, Kyowa's rank improved to 6<sup>th</sup> amongst generic companies in Japan.

Lupin also acquired exclusive rights to distribute and promote extended-release tablets of quetiapine fumarate in Japan under the brand name Bipresso XR.

### Capital Expenditure

Keeping the long term vision and cost competitiveness in mind, the Company continues to invest in creating new manufacturing facilities as well as augmenting existing manufacturing facilities globally to aid efficiencies as well as build capacities to meet the future demand. It also remains committed to investing in technology, automation and safe-guarding intellectual property. The Company invested ₹ 16,634 million for capital investment during FY 2017.





### Research & Development (R&D)

Lupin has been at the forefront of investing in R&D ahead of the curve to operationalize its vision to become an innovation driven pharmaceutical company. During FY 2017, the Company invested ₹ 23,101 million, 13.5% of sales. The Company filed its first ever Inhalation product for the US market during the year. We also made significant progress on the biosimilar front. We are investing to create a differentiated pipeline of complex generics, biosimilars and NDDD.

### Internal Control Systems & Information Technology (IT)

The Company continues to calibrate and update its business process and operations framework to continuously improve efficiencies. These include automated internal business workflow and controls which integrate key functions such as research, technical operations, manufacturing, supply chain, integrating them with key support functions like marketing, sales, finance, regulatory affairs and HR. A well-established and empowered system of internal audits and automated control procedures ensures discipline and compliance. All of this backed up by a strong internal audit framework which monitors and controls all systems and processes and business groups ensuring compliance to financial norms and procedures, building financial control, accountability and integrity within our business ecosystem. We are ably assisted by Ernst and Young who are our internal auditors.

### Risks, Concerns & Threat

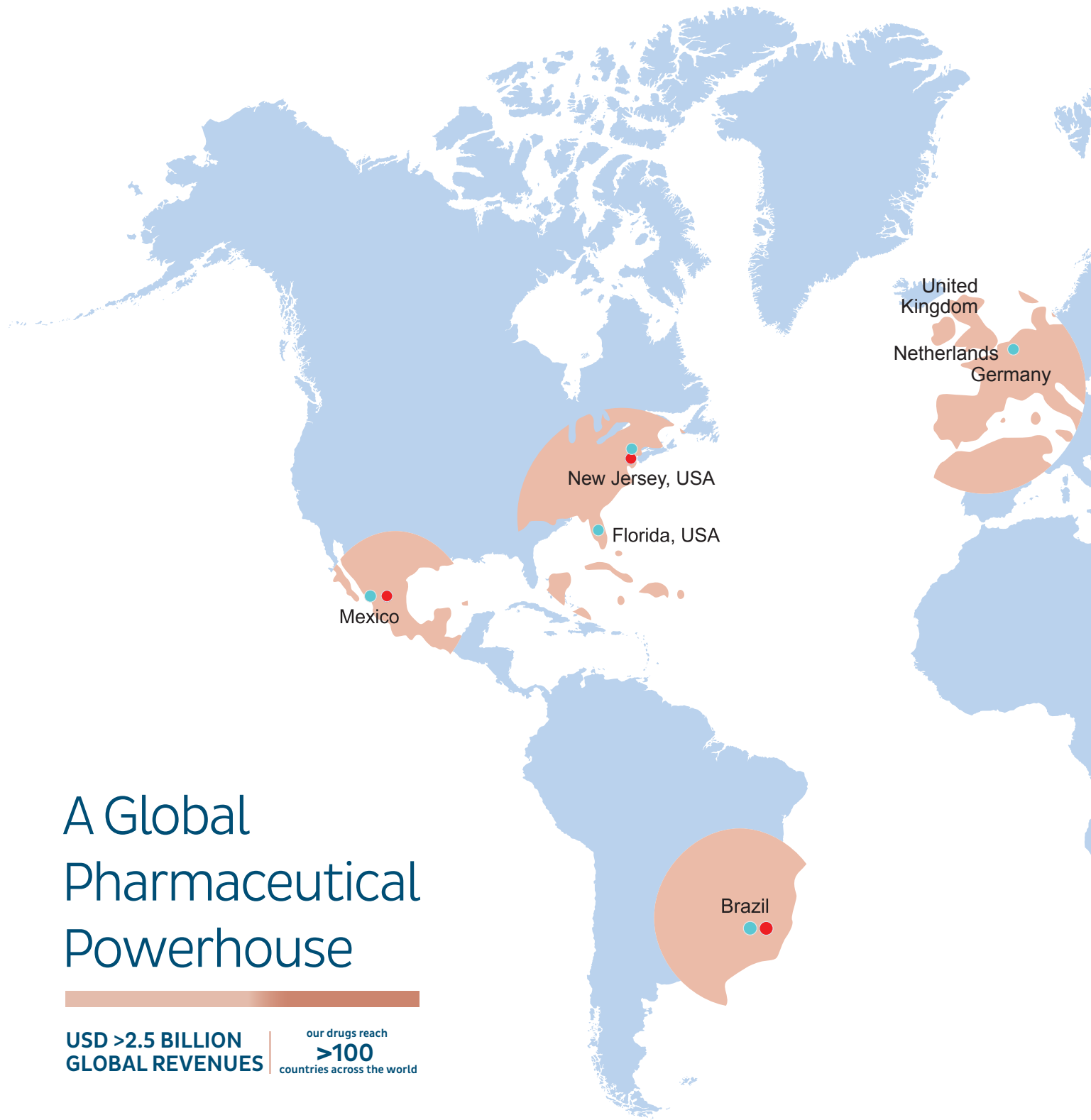
The year witnessed significant volatility in global commodity price and foreign currencies throughout the year. This was further accentuated by political change in our largest market, the United States and concomitant increased scrutiny over drug pricing. Disruption in the domestic market continued in the form of demonetisation, curbs on fixed dose combinations and unabated expansion of the span of price controls. A formidable financial organization built over the last decade has helped us address the challenging business environment. Bound by a strong compliance ethic, we rely heavily on risk

management and forecasting frameworks to manage competitive, economic, financial, geo-political and social risks.

The Company's hedging strategy for the short, mid and the long-term through forward exchange contracts helped minimize FOREX volatility risk. The continued investments in creating a global supply chain leveraging real time business intelligence, reporting and forecasting systems has helped ensure business continuity and sustain growth to deliver value.

The Company continues to navigate challenges within the Industry successfully be it price cuts or increased price controls, customer consolidation or increased competition. The Company's global supply chain, its efforts toward continuously de-risking global procurement, the ability to increase market shares in key markets and the ability to service key customers globally has enabled it to consolidate and build on the leadership credentials and maintain growth momentum.





# A Global Pharmaceutical Powerhouse

**USD >2.5 BILLION  
GLOBAL REVENUES**

our drugs reach  
**>100**  
countries across the world

## Quality Manufacturing & Compliance:

12 sites in India; 3 in Japan; 1 in US;  
2 in LATAM

## Research:

2 sites in US; 2 in India; 2 in Japan;  
2 in LATAM; 1 in Europe

## Marketing & Corporate Development:

Over 25 offices across the globe



USA



Mexico



Brazil



Europe

Manufacturing ●  
Research ●



Germany

Netherlands

South Africa

Philippines

Japan

Australia





**Safe Harbor Statement:** This report contains forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Many of these risks, uncertainties and other factors include failure of clinical trials, delays in development, registration and product approvals, changes in competitive environment, increased government control over pricing, fluctuations in the capital and foreign exchange markets and the ability to maintain patent and other intellectual property protection. The information presented in this release represents management's expectations and intentions as of this date. Lupin expressly disavows any obligation to update the information presented in this report.



# Reports and Financials

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# TEN YEARS FINANCIAL SUMMARY

## CONSOLIDATED BALANCE SHEET

(₹ in million)

As at March 31,	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>SOURCES OF FUNDS</b>										
<b>Shareholders' funds</b>										
Equity Share Capital	820.8	828.2	889.4	892.4	893.3	895.1	896.8	899.0	901.2	903.2
Reserves & Surplus	11,976.0	13,420.0	24,788.9	31,918.4	39,235.6	51,146.7	68,418.9	90,833.3	110,732.5	134,072.5
	12,796.8	14,248.2	25,678.3	32,810.8	40,128.9	52,041.8	69,315.7	91,732.3	111,633.7	134,975.7
<b>Non-Controlling Interest</b>	94.5	142.5	254.9	515.1	722.9	594.5	669.4	241.0	320.8	345.2
<b>Loans</b>	12,028.8	12,232.7	11,398.5	11,623.9	16,391.0	11,644.9	6,537.4	5,371.2	71,775.2	79,660.9
<b>Deferred Tax Liabilities (net)</b>	1,248.0	1,387.2	1,630.4	1,791.8	1,910.1	2,336.8	2,486.6	1,527.5	3,266.8	3,948.5
<b>Other Liabilities (incl. Provisions)</b>	7,469.9	12,161.9	11,892.5	14,502.0	20,669.3	22,520.6	23,051.2	33,737.7	39,252.1	47,142.5
<b>TOTAL</b>	<b>33,638.0</b>	<b>40,172.5</b>	<b>50,854.6</b>	<b>61,243.6</b>	<b>79,822.2</b>	<b>89,138.6</b>	<b>102,060.3</b>	<b>132,609.7</b>	<b>226,248.6</b>	<b>266,072.8</b>
<b>APPLICATION OF FUNDS</b>										
<b>Fixed Assets</b>										
Net Block	10,161.3	12,012.0	15,864.9	17,313.4	22,456.6	24,928.5	26,977.3	27,200.3	64,515.2	87,229.2
Capital Work-in-Progress (incl. Capital Advances)	963.8	2,239.7	3,578.7	5,319.3	4,973.7	3,909.0	4,110.2	6,745.3	32,145.5	24,639.0
	11,125.1	14,251.7	19,443.6	22,632.7	27,430.3	28,837.5	31,087.5	33,945.6	96,660.7	111,868.2
<b>Goodwill on Consolidation</b>	1,872.3	3,173.7	3,196.8	3,254.9	5,040.0	5,073.2	6,578.7	16,252.8	22,654.4	23,100.1
<b>Investments</b>	58.2	215.6	264.3	31.5	28.0	20.6	20.6	55.4	143.3	220.0
<b>Deferred Tax Assets (net)</b>	141.2	222.8	195.4	380.5	467.8	704.4	708.1	2,561.7	3,358.5	5,076.4
<b>Other Assets</b>										
Inventories	7,893.4	9,571.6	9,714.9	11,999.6	17,326.7	19,489.3	21,294.5	25,036.1	32,736.5	36,422.8
Receivables	7,439.0	9,179.7	11,265.7	12,556.4	17,800.1	21,869.9	24,641.0	26,475.2	45,487.6	43,073.4
Cash & Bank Balances (incl. Current Investments)	2,741.8	777.7	2,015.3	4,201.4	4,024.7	4,348.8	9,739.1	21,304.7	8,237.7	28,135.4
Others	2,367.0	2,779.7	4,758.6	6,186.6	7,704.6	8,794.9	7,990.8	6,978.2	16,969.9	18,176.5
	20,441.2	22,308.7	27,754.5	34,944.0	46,856.1	54,502.9	63,665.4	79,794.2	103,431.7	125,808.1
<b>TOTAL</b>	<b>33,638.0</b>	<b>40,172.5</b>	<b>50,854.6</b>	<b>61,243.6</b>	<b>79,822.2</b>	<b>89,138.6</b>	<b>102,060.3</b>	<b>132,609.7</b>	<b>226,248.6</b>	<b>266,072.8</b>



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in million)

Year ended March 31,	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>INCOME</b>										
Sales	29,007.4	38,428.9	48,009.5	57,421.7	70,017.2	95,235.3	111,671.2	126,932.2	137,578.7	171,198.0
Other Operating Income	575.9	637.1	762.5	1,121.5	1,232.1	1,796.7	1,999.3	1,703.0	4,976.7	3,745.3
Other Income	211.3	125.5	351.1	221.9	143.5	278.5	1,164.8	2,397.5	1,851.9	1,065.1
<b>Total Income</b>	<b>29,794.6</b>	<b>39,191.5</b>	<b>49,123.1</b>	<b>58,765.1</b>	<b>71,392.8</b>	<b>97,310.5</b>	<b>114,835.3</b>	<b>131,032.7</b>	<b>144,407.3</b>	<b>176,008.4</b>
<b>EXPENSES</b>										
Cost of Materials	11,638.0	16,043.1	19,694.2	22,379.3	26,039.0	35,485.0	38,173.8	41,570.4	43,325.7	50,014.3
Employee Benefits Expense	3,076.0	4,871.3	5,871.5	7,675.6	9,695.3	12,666.2	14,646.5	17,473.4	21,416.2	28,495.2
Manufacturing and Other Expenses	8,657.6	10,838.2	13,576.5	16,709.9	21,067.9	26,181.9	30,822.3	33,395.5	40,960.0	51,502.4
<b>Total Expenses</b>	<b>23,371.6</b>	<b>31,752.6</b>	<b>39,142.2</b>	<b>46,764.8</b>	<b>56,802.2</b>	<b>74,333.1</b>	<b>83,642.6</b>	<b>92,439.3</b>	<b>105,701.9</b>	<b>130,011.9</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>6,423.0</b>	<b>7,438.9</b>	<b>9,980.9</b>	<b>12,000.3</b>	<b>14,590.6</b>	<b>22,977.4</b>	<b>31,192.7</b>	<b>38,593.4</b>	<b>38,705.4</b>	<b>45,996.5</b>
Finance Cost	373.5	498.6	384.9	344.8	354.7	409.5	266.5	98.1	594.7	1,525.3
Depreciation and Amortisation	647.4	879.9	1,239.1	1,711.8	2,275.2	3,321.9	2,609.7	4,347.0	4,871.3	9,122.3
<b>Profit before Tax</b>	<b>5,402.1</b>	<b>6,060.4</b>	<b>8,356.9</b>	<b>9,943.7</b>	<b>11,960.7</b>	<b>19,246.0</b>	<b>28,316.5</b>	<b>34,148.3</b>	<b>33,239.4</b>	<b>35,348.9</b>
Current Tax	1,137.4	876.8	1,109.8	1,176.3	2,756.2	5,829.0	9,536.0	10,041.6	11,433.5	10,882.1
Deferred Tax	180.6	106.2	250.4	(26.5)	329.4	12.6	85.5	(337.6)	(840.1)	(1,097.0)
<b>Net Profit before Share of Profit from Jointly Controlled Entity, Non-Controlling Interest and Share of Loss in Associates</b>	<b>4,084.1</b>	<b>5,077.4</b>	<b>6,996.7</b>	<b>8,793.9</b>	<b>8,875.1</b>	<b>13,404.4</b>	<b>18,695.0</b>	<b>24,444.3</b>	<b>22,646.0</b>	<b>25,563.8</b>
Share of Profit from Jointly Controlled Entity	-	-	-	-	-	-	-	-	49.0	82.5
Non-Controlling Interest	1.3	28.6	111.6	148.4	198.6	262.8	331.3	411.9	87.6	71.7
Share of Loss in Associates	0.3	33.4	68.8	20.0	-	-	-	-	-	-
<b>Net Profit</b>	<b>4,082.5</b>	<b>5,015.4</b>	<b>6,816.3</b>	<b>8,625.5</b>	<b>8,676.5</b>	<b>13,141.6</b>	<b>18,363.7</b>	<b>24,032.4</b>	<b>22,607.4</b>	<b>25,574.6</b>

- Notes :**
- Figures are suitably regrouped to make them comparable.
  - The company has transitioned the basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS with effect from April 1, 2016. Accordingly, Consolidated Balance Sheet for 2017, 2016 & 2015 and Consolidated Statement Profit and Loss for 2017 & 2016 are as per Ind AS.

# DIRECTORS' REPORT

## To the Members

Your Directors have pleasure in presenting their report on the business and operations of your Company for the year ended March 31, 2017.

## Financial Results

(₹ in million)

	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Sales	123980.8	108828.7	171198.0	137578.7
Profit before interest, depreciation and tax	45745.9	41738.5	45996.5	38705.4
Less: Interest and finance charges	294.2	241.1	1525.3	594.7
Less: Depreciation and amortisation	3661.1	3056.1	9122.3	4871.3
Profit before tax	41790.6	38441.3	35348.9	33239.4
Less: Provision for taxation (including deferred tax)	10377.3	10132.6	9785.1	10593.4
<b>Net Profit before share of profit from Jointly Controlled Entity and non-controlling interest</b>	<b>31413.3</b>	<b>28308.7</b>	<b>25563.8</b>	<b>22646.0</b>
Add: Share of Profit from Jointly Controlled Entity	-	-	82.5	49.0
Less: Non-controlling Interest	-	-	71.7	87.6
<b>Net Profit attributable to shareholders of the Company</b>	<b>31413.3</b>	<b>28308.7</b>	<b>25574.6</b>	<b>22607.4</b>

## Performance Review

Your Company touched new heights in terms of sales and profits for the year ended March 31, 2017. Consolidated sales clocked ₹ 171198.0 million as against ₹ 137578.7 million of the previous year, higher by 24%. International business now contributes 75%. Profit before interest, depreciation and tax was higher at ₹ 45996.5 million as against ₹ 38705.4 million in the previous year. Profit before tax was ₹ 35348.9 million. Net profit after taxes but before share of profit from Jointly Controlled Entity and non-controlling interest was ₹ 25563.8 million. Net profit after share of profit from Jointly Controlled Entity and non-controlling interest was ₹ 25574.6 million, higher by 13%. Earnings per share for the year was ₹ 56.69.

## Dividend

Your Company has a good track record of paying dividends. Continuing with this trend, Directors are pleased to recommend dividend at ₹ 7.50 per equity share of ₹ 2/- each, absorbing an amount of ₹ 3386.8 million. Corporate tax on proposed dividend is ₹ 689.5 million.

In compliance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company formulated Dividend Distribution Policy, which has been hosted on Company's website [www.lupin.com](http://www.lupin.com) (web link: <http://www.lupin.com/pdf/16/08/policy-for-dividend-distribution.pdf>).

## New Registered Office

With a view to promote greater efficiency and operational convenience, effective June 1, 2016, the Company shifted its Registered Office from 159, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, to Kalpataru Inspire, 3<sup>rd</sup> Floor, Off Western Express Highway, Santacruz (East), Mumbai - 400 055.

## Share Capital

During the year, the paid-up equity share capital of the Company rose by ₹ 2.0 million consequent to the allotment of 993,900 equity shares of ₹ 2/- each to eligible employees of the Company and its subsidiaries upon their exercising stock options under 'Lupin Employees Stock Option Plan 2003', 'Lupin Employees Stock Option Plan 2005', 'Lupin Employees Stock Option Plan 2011', 'Lupin Employees Stock Option Plan 2014', 'Lupin Subsidiary Companies Employees Stock Option Plan 2005' and 'Lupin Subsidiary Companies Employees Stock Option Plan 2011'. Paid-up equity share capital as on March 31, 2017 was ₹ 903.2 million.

## Credit Rating

ICRA Limited (ICRA) assigned the rating **"ICRA A1+"** (pronounced 'ICRA A one Plus') for the Company's short-term credit facilities of ₹ 13100 million, indicating very strong degree of safety regarding timely payment of financial obligations and **"ICRA AAA"** (pronounced 'ICRA triple A') for long-term credit facilities of ₹ 1900 million, indicating highest degree of safety regarding timely servicing of financial obligations. The outlook on the long-term rating is 'Stable'.

ICRA assigned the rating **"ICRA AAA"** to the Company's Non-Convertible Debenture programme of ₹ 1000 million, indicating highest degree of safety regarding timely servicing of financial obligations. The outlook on the rating is 'Stable'.

## Indian Accounting Standards (Ind AS) - IFRS Converged Standards

As notified by the Ministry of Corporate Affairs, the Company adopted Indian Accounting Standards ('Ind AS') with effect from April 01, 2016. Accordingly, financial statements of the Company, its subsidiaries and a joint venture were prepared with comparative data for the year ended March 31, 2016, in compliance with 'Ind AS'.

## Subsidiary Companies/Joint Venture

As on March 31, 2017, the Company had 31 subsidiaries and a joint venture.

On July 13, 2016, Lupin Atlantis Holdings SA, Switzerland ('LAHSA') and Lupin Holdings BV, Netherlands, wholly-owned subsidiaries of the Company jointly incorporated a distribution company viz. Lupin Ukraine LLC, Ukraine.

On December 15, 2016, LAHSA incorporated Lupin Latam, Inc., USA, to support the business initiatives of the Company's affiliates in Latin America.

On March 13, 2017, LAHSA incorporated Lupin Japan & Asia Pacific K.K., to support the affiliates of the Company in the Asia-Pacific region, including Japan.

For administrative and operational convenience, effective February 24, 2017, VGS Holdings Inc., USA and Edison Therapeutics, LLC, USA, wholly-owned subsidiaries of the company were amalgamated with Novel Laboratories Inc., USA and Gavis Pharmaceuticals, LLC, USA, wholly-owned subsidiaries of the Company, respectively.

Pursuant to the first proviso to Section 129(3) of the Companies Act, 2013 ('Act') and Rules 5 and 8(1) of the Companies (Accounts) Rules, 2014, salient features of the financial statements, performance and financial position of each subsidiary and joint venture are given in Form AOC - 1 as **Annexure 'A'** to this Report.

The policy for determining material subsidiaries has been hosted on the Company's website [www.lupin.com](http://www.lupin.com) (web link: [http://www.lupin.com/pdf/Policy\\_for\\_determining\\_material\\_subsidaries.pdf](http://www.lupin.com/pdf/Policy_for_determining_material_subsidaries.pdf)).

## Management Discussion and Analysis

In compliance with Regulation 34(3) read with Schedule V(B) of the Listing Regulations, a Management Discussion and Analysis forms part of this Annual Report.

## Corporate Governance

In compliance with Regulation 34(3) read with Schedule V(C) of the Listing Regulations, a Report on Corporate Governance forms part of this Annual Report. Annexed to the Corporate Governance Report is the Auditors' certificate certifying compliance with the conditions of corporate governance as prescribed under Schedule V(E) of the Listing Regulations.

Your Company was conferred the coveted **'Golden Peacock Award for Excellence in Corporate Governance'** by the Institute of Directors. The Award validates the 'Best-in-class' Corporate Governance practices followed by the Company and reflects on the transparent dealings with all its stakeholders.

## Business Responsibility Report

In compliance with Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report forms part of this Annual Report.

## Corporate Social Responsibility (CSR)

The Company is a pioneer in CSR work in rural India, committed to ethical values which go beyond just compliance. The Company has been promoting CSR activities through its CSR arm, Lupin Human Welfare and Research Foundation (LHWRF). The Company is vigorously operative in CSR activities and adopts a holistic development approach across 8 states, 21 districts and 59 blocks of India. LHWRF became the first CSR foundation in India to publish Global Reporting Initiative (GRI 4) sustainability report. It has undertaken various projects in partnership with government and semi-government agencies. Various CSR activities and initiatives implemented aimed at achieving the objective of enhancing quality of life of the disadvantaged communities.

Pursuant to the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company ought to have spent ₹ 662.5 million on CSR activities during the year. The actual spend was ₹ 196.8 million. The Company undertakes the following CSR activities: -

- Economic upgradation, Social development and Natural Resource Management;
- Rural infrastructure development (including areas near the plant locations of the Company);
- Learn and Earn programme;
- Rural industry and Skill development;
- Women health, empowerment and education;
- Financial inclusion; and
- TB awareness and detection.

The Company is committed to help the poorest of the poor and the marginalised sections of the society. In this pursuit, it would be accelerating the pace of its CSR spends. In this direction, the Company has set up 'Lupin Foundation', a charitable trust, with the objective of undertaking deeper sustainable projects like hospitals, educational institutes, etc.

Particulars of CSR activities undertaken by the Company are given in **Annexure 'B'** to this Report. The policy on CSR as approved by the Board has been hosted on the Company's website [www.lupin.com](http://www.lupin.com).

## Directors' Responsibility Statement

In compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act, your Directors confirm: -

- i) that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year March 31, 2017 and of the profit of your Company for that year;
- iii) that 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;
- iv) that the annual financial statements have been prepared on a going concern basis;
- v) that they had laid down proper internal financial controls and that the same are adequate and were operating effectively; and
- vi) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Directors

Pursuant to the provisions of Section 152 of the Act, Dr. Kamal K. Sharma, Vice Chairman, retires by rotation at the forthcoming Annual General Meeting (AGM) and is eligible for re-appointment.

Independent Directors hold office till the conclusion of the 38<sup>th</sup> AGM and are not liable to retire by rotation. In compliance with the provisions of Section 149(7) of the Act, Independent Directors have given declarations that they meet the criteria of independence prescribed by Section 149(6) of the Act.

During the year, six Board meetings were held on May 18, 2016, May 19, 2016, August 1, 2016, August 9, 2016, November 9, 2016 and February 9, 2017, the details of which are given in the Corporate Governance Report which forms part of the Annual Report.

## Board Evaluation

In compliance with the provisions of Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014, the Board carried out annual evaluation of its own performance, that of its Committees and individual directors.

The performance of the Board and its Committees was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria, such as composition and structure of the Board, quality of deliberations, effectiveness of the procedures adopted by the Board, participation at the Board and Committee meetings, governance reviews etc. Performance of individual directors was evaluated on the basis of criteria like transparency, analytical abilities, qualifications, leadership qualities, experience, participation in the long-term strategic planning and responsibilities shouldered. Pursuant to Regulation 17(10) of Listing Regulations, the Board carried out performance evaluation of Independent Directors without the participation of the director being evaluated.

### **Audit Committee**

The Audit Committee comprises Dr. K. U. Mada, Chairman, and Mr. Dileep C. Choksi both independent directors and Dr. Kamal K. Sharma. The functions performed by the Audit Committee, particulars of meetings held and attendance thereat are given in the Corporate Governance Report which forms part of the Annual Report. All recommendations made by the Audit Committee were accepted by the Board.

### **Nomination and Remuneration Policy**

In compliance with Section 178(3) of the Act and Regulation 19(3) of the Listing Regulations and on the recommendation of the Nomination and Remuneration Committee, the Board framed a Policy relating to the remuneration of directors, key managerial personnel and other employees. The Policy includes criteria for determining qualifications, positive attributes and independence of a director and other matters. The functions of the Nomination and Remuneration Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

### **Related Party Transactions**

All related party transactions entered into by the Company during the year were on an arm's length basis and in the ordinary course of business. During the year, no transaction was entered into by the Company with its Key Managerial Personnel. The Company did not enter into any related party transaction which was in conflict with its interest. Statements of transactions with related parties in summary form are periodically placed before the Audit Committee and are approved by the Committee. Material related party transactions were entered into by the Company only with its subsidiaries. In compliance with Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of related party transactions are given in Form No. AOC-2, as **Annexure 'C'** to this Report. The policy on materiality of Related Party Transactions as also on dealing with Related Party Transactions as approved by the Board has been hosted on the Company's website [www.lupin.com](http://www.lupin.com) (web link: [http://www.lupin.com/pdf/POLICY-RELATED\\_PARTY\\_TRANSACTIONS.pdf](http://www.lupin.com/pdf/POLICY-RELATED_PARTY_TRANSACTIONS.pdf)).

### **Risk Management**

The Risk Management framework of the Company defines roles and responsibilities for arriving at risk rating criteria for assessing risk impact, likelihood of risks and effectiveness of mitigation plans. The process includes identification of risks involved in various areas, zeroing on 'risks that matter', assessing mitigation plans and preparedness to face 'risks that matter'. The Board has defined the role and responsibilities of the Risk Management Committee which was formulated in compliance with Regulation 21 of the Listing Regulations and delegated to it, monitoring and reviewing the risk management plan. Particulars of the Risk Management Committee and its terms of reference are set out in the Corporate Governance Report, which forms part of the Annual Report.

### **Particulars of loans/guarantees/investments/securities**

Pursuant to the provisions of Section 134(3)(g) of the Act, particulars of loans, guarantees, investments and securities given under Section 186 of the Act are given in the notes to the Financial Statements forming part of the Annual Report.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, are given in **Annexure 'D'** to this Report.

### **Human Resources**

Your Company firmly believes that human capital is its most valuable resource whose efficiency plays a key role in building a competitive business environment. In the surveys jointly conducted by 'Great Places to Work Institute' and 'The Economic Times' the Company continues to be ranked high on a pan-industry basis. The Company has been consistently ranked no. 1 or 2 in the pharmaceutical and biotech sector. It was ranked 15<sup>th</sup> best company to work for in Asia by the survey conducted by the 'Great Places to Work Institute'. It again featured in the Golden List of India's Top 50 companies to work for.

The Company has made it to the elite list of top 25 Best Employers and bagged the 'AON Best Employers in India 2016' across all sectors/industries, in the detailed study conducted by AON Hewitt, in collaboration with Business World magazine. In its pursuit to create a vibrant work culture and with a view to attract, retain and develop best available talents, the Company regularly conducts various manpower development programs across all levels as also adopts employee-friendly policies.

### **Employees Stock Options**

Pursuant to the provisions of SEBI (Share-Based Employee Benefits) Regulations, 2014, details of stock options as on March 31, 2017 are given in **Annexure 'E'** to this Report.

### **Vigil Mechanism/Whistleblower Policy**

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations, the Company formulated a vigil mechanism for directors and employees to report concerns details of which are covered in the Corporate Governance Report which forms part of the Annual Report. Whistleblower Policy has been hosted on Company's website [www.lupin.com](http://www.lupin.com). Policies on Code of Conduct and Prevention of Workplace Harassment are on Company's Intranet.

### **Particulars of Employees Remuneration**

Particulars of remuneration of employees required to be furnished pursuant to the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 'F'** to this Report. Particulars of remuneration of employees required to be furnished in terms of Rules 5(2) and 5(3) of the said Rules, forms part of this Report, which shall be provided to Members upon written request pursuant to the second proviso of Rule 5. Particulars of remuneration of employees are available for inspection by Members at the Registered office of the Company during business hours on all working days up to the date of the forthcoming AGM.

### **Auditors**

At the 34<sup>th</sup> AGM held on Wednesday, August 3, 2016, Members appointed B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), as Statutory Auditors of the Company, for a period of five years from the conclusion of 34<sup>th</sup> AGM till the conclusion of 39<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM.

Pursuant to the provisions of Sections 139(1) and 141 of the Act, the Company has received a Certificate from B S R & Co. LLP, certifying that if they are appointed as Auditors, their appointment would be as per the conditions prescribed by the said Sections.

Pursuant to the provisions of Section 139 of the Act read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, Members will ratify the appointment of B S R & Co. LLP as Statutory Auditors of the Company, from the conclusion of the 35<sup>th</sup> AGM till the conclusion of the 36<sup>th</sup> AGM or any adjournment thereof.

### **Internal Audit**

Ernst & Young LLP, Mumbai, are Internal Auditors of the Company for India operations. During the year, Price Waterhouse & Co., Bangalore, LLP were appointed as Internal Auditors to conduct audit of international subsidiaries of the Company. Local Chartered Accountant firms were also appointed as Internal Auditors to conduct audits of Carrying & Forwarding Agents and Central Warehouses of the Company in India.

### **Cost Auditors**

On the recommendation of the Audit Committee, the Board of Directors appointed Mr. S. D. Shenoy, practising Cost Accountant (FCMA, Membership No. 8318), to conduct cost audit for the year ended March 31, 2017, pursuant to the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014. Mr. Shenoy has confirmed that he is free from disqualifications specified by Section 141 read with Section 148 of the Act and that his appointment meets requirements of Section 141(3)(g) of the Act. He has further confirmed that he is independent and maintains an arm's length relationship with the Company and that no orders are pending against him relating to professional matters of conduct before the Institute of Cost Accountants of India or any court of competent authority.

Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditor is required to be placed before Members in a General Meeting for ratification. Accordingly, an Ordinary Resolution was passed by Members approving remuneration payable to Mr. Shenoy at the 34<sup>th</sup> AGM.

Pursuant to Section 148(6) of the Act and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014, Cost Audit Report, in Form CRA-4 (in XBRL mode), for the year ended March 31, 2016, under the head 'Drugs and Pharmaceuticals' was filed with the Central Government on October 19, 2016, well within the prescribed time.



**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Ms. Neena Bhatia, Company Secretary in Practice, to undertake Secretarial Audit of the Company for the year ended March 31, 2017. Secretarial Audit Report in prescribed Form No. MR-3 is given in **Annexure 'G'** to this Report. The Company continues to have an unqualified Secretarial Audit Report.

**Extract of Annual Return**

Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2017, in prescribed Form No. MGT-9 is given in **Annexure 'H'** to this Report.

**Acknowledgements**

Your Directors convey a sense of high appreciation to all the employees of the Company for their hard work, dedication, continued commitment and significant contributions. Your Directors gratefully acknowledge the support and cooperation received from various departments of the Central and State governments, members, business associates, analysts, banks, financial institutions, medical professionals, customers, distributors and suppliers.

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

Mumbai, May 24, 2017

# ANNEXURE 'A' TO THE DIRECTORS' REPORT

**FORM NO. AOC - 1**  
[Pursuant to the first proviso to Section 129 (3) read with Rule 5 of Companies (Accounts) Rules, 2014]  
Statement containing salient features of the financial statement of subsidiaries/joint ventures

## Part 'A' Subsidiaries

Name of the Subsidiary	Date since when subsidiary was acquired/incorporated	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments (Other than in subsidiaries)	Turnover	Profit/(Loss) before Taxation	Provision for taxation	Profit/(Loss) after Taxation	Proposed Dividend	% of shareholding
Lupin Pharmaceuticals Inc., USA	30.06.2003	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	(Refer Note No. 12)	1771.5	42606.2	40834.7	Nil	79285.0	1257.6	543.4	714.2	Nil	100%
Kyowa Pharmaceutical Industry Co., Limited, Japan	18.10.2007	N.A.	JPY and Exchange Rate INR 58.00 for 100 JPY	34.9	9449.5	34060.2	24575.8	0.2	14046.3	1419.8	225.7	1194.1	Nil	99.82%
Pharma Dynamics (Proprietary) Limited, South Africa	01.03.2008	N.A.	ZAR and Exchange Rate INR 4.85 for ZAR 1	0.5	2411.9	3237.9	825.5	Nil	4815.9	1311.7	348.9	962.8	Nil	100%
Hormosan Pharma GmbH, Germany	25.07.2008	N.A.	Euro and Exchange Rate INR 69.29 for 1 Euro	8.1	19.0	1221.4	1194.3	(Refer Note No. 13)	1942.0	135.3	13.2	122.1	Nil	100%
Multicare Pharmaceuticals Philippines, Inc., Philippines	26.03.2009	N.A.	PHP and Exchange Rate INR 1.29 for PHP 1	218.5	454.3	2019.7	1346.9	Nil	2653.4	231.9	89.0	142.9	Nil	51%
Generic Health Pty Limited, Australia	27.09.2010	N.A.	AU \$ and Exchange Rate INR 49.58 for 1 AUD	1344.3	(1265.7)	848.8	770.2	Nil	1713.1	15.9	Nil	15.9	Nil	100%
Kyowa CritiCare Co., Limited, Japan	30.11.2011	N.A.	JPY and Exchange Rate INR 58.00 for 100 JPY	124.3	1619.4	4736.3	2992.6	0.2	3811.7	(142.6)	107.6	[250.2]	Nil	99.82%
Lupin Holdings B.V., Netherlands	30.03.2007	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	6720.3	10194.6	17014.5	99.6	Nil	26.3	179.2	18.7	160.5	Nil	100%

Name of the Subsidiary	Date since when subsidiary was acquired/ incorporated	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments (Other than in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of shareholding
Lupin Atlantis Holdings SA, Switzerland	05.06.2007	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	115.9	19234.6	71227.7	51877.2	33.0	12883.5	(4879.2)	Nil	(4879.2)	Nil	100%
Lupin (Europe) Limited, U.K.	05.06.2009	N.A.	GBP and Exchange Rate INR 80.90 for 1 GBP	279.7	(495.7)	794.3	1010.3	Nil	721.7	(215.6)	(1.5)	(214.1)	Nil	100%
Lupin Australia Pty Limited, Australia	01.12.2004	N.A.	AU \$ and Exchange Rate INR 49.58 for 1 AUD	33.3	(19.1)	14.7	0.5	Nil	Nil	(4.1)	Nil	(4.1)	Nil	100%
Lupin Pharma Canada Limited, Canada	18.06.2009	N.A.	CAD and Exchange Rate INR 48.59 for 1 CAD	155.5	(164.8)	549.7	559.0	Nil	543.5	(0.9)	(Refer Note No. 14)	(0.9)	Nil	100%
Lupin Mexico S.A. de C.V., Mexico	23.08.2010	N.A.	MXN \$ and Exchange Rate INR 3.46 for MXN \$ 1	52.1	(42.0)	10.2	0.1	Nil	Nil	(1.5)	Nil	(1.5)	Nil	100%
Bellwether Pharma Pty Limited, Australia	27.09.2010	N.A.	AU \$ and Exchange Rate INR 49.58 for 1 AUD	264.5	(273.3)	Nil	8.8	Nil	Nil	Nil	Nil	Nil	Nil	100%
Lupin Philippines Inc., Philippines	20.12.2010	N.A.	PHP and Exchange Rate INR 1.29 for PHP 1	59.9	(15.4)	435.1	390.6	Nil	699.0	5.9	5.7	0.2	Nil	100%
Lupin Healthcare Limited, India	17.03.2011	N.A.	INR	26.2	54.3	80.5	(Refer Note No. 15)	21.3	Nil	1.0	Nil	1.0	Nil	100%
Generic Health SDN. BHD., Malaysia	18.05.2011	N.A.	RM and Exchange Rate is INR 14.65 for RM 1	5.2	(4.7)	0.6	0.1	Nil	Nil	(0.8)	Nil	(0.8)	Nil	100%
Lupin Middle East FZ-LLC, Dubai	13.06.2012	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	32.3	(45.1)	68.3	81.1	Nil	116.5	(16.5)	Nil	(16.5)	Nil	100%
Lupin Inc., USA	27.06.2013	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	(Refer Note No. 16)	8472.1	21138.6	12666.5	Nil	2842.7	(282.0)	(632.9)	350.9	Nil	100%
Lupin GmbH, Switzerland	15.08.2013	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	1.3	117.6	361.9	243.0	Nil	517.3	13.3	17.3	(4.0)	Nil	100%
Nanami B.V., Netherlands	30.01.2014	N.A.	Euro and Exchange Rate INR 69.29 for 1 Euro	1.6	(1603.8)	438.0	2040.2	Nil	Nil	(899.2)	Nil	(899.2)	Nil	100%
Laboratorios Grin, S.A. de C.V., Mexico	01.10.2014	N.A.	MXN \$ and Exchange Rate INR 3.46 for MXN \$ 1	854.2	233.2	2315.9	1228.5	Nil	1857.9	262.9	102.0	160.9	Nil	100%

(₹ in Million)

Name of the Subsidiary	Date since when subsidiary was acquired/ incorporated	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments (Other than in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of shareholding
Medquimica Industria Farmaceutica LTDA, Brazil	24.06.2015	N.A.	BRL and Exchange Rate INR 20.58 for BRL 1	3994.6	(253.4)	6190.0	2448.8	Nil	2563.7	(440.4)	(123.0)	(317.4)	Nil	100%
Gavis Pharmaceuticals, LLC., USA	08.03.2016	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	Nil	(893.8)	102.6	996.4	Nil	Nil	(0.8)	Nil	(0.8)	Nil	100%
Novel Laboratories, Inc., USA	08.03.2016	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	(Refer Note No. 17)	4370.9	8610.7	4239.8	Nil	5746.9	(496.7)	(385.5)	(111.2)	Nil	100%
Novel Clinical Research (India) Private Limited, India	08.03.2016	N.A.	INR	0.1	(0.1)	0.1	0.1	Nil	Nil	0.1	(Refer Note No. 18)	0.1	Nil	100%
Lupin Research Inc., USA	08.03.2016	N.A.	US \$ and Exchange Rate INR 64.85 for 1 US \$	(Refer Note No. 19)	(Refer Note No. 19)	(Refer Note No. 19)	-	-	-	-	-	-	Nil	100%
Lupin Pharma LLC, Russia	11.02.2016	N.A.	RUB and Exchange Rate INR 1.15 for RUB 1	0.1	23.3	64.8	41.4	Nil	0.2	(13.5)	(3.1)	(10.4)	Nil	100%
Lupin Ukraine LLC, Ukraine (w.e.f. July 13, 2016)	13.07.2016	July 13, 2016 to March 31, 2017	UAH and Exchange Rate INR 2.39 for 1 UAH	0.3	(1.9)	9.2	10.8	Nil	1.9	(1.9)	-	(1.9)	Nil	100%
Lupin Latam, Inc., USA (w.e.f. December 15, 2016)	15.12.2016	December 15, 2016 to March 31, 2017	US \$ and Exchange Rate INR 64.85 for 1 US \$	(Refer Note No. 20)	0.3	56.7	56.4	Nil	58.2	3.0	2.6	0.4	Nil	100%
Lupin Japan & Asia Pacific K.K., Japan (w.e.f. March 13, 2017)	13.03.2017	March 13, 2017 to March 31, 2017	JPY and Exchange Rate INR 58.00 for 100 JPY	3.0	(0.7)	2.9	0.6	Nil	Nil	(0.7)	Nil	(0.7)	Nil	100%

**Notes:**

- 1) Lupin Mexico S.A. de C.V., Mexico, Lupin Healthcare Limited, India, Generic Health SDN. BHD., Malaysia, Novel Clinical Research (India) Private Limited, Lupin Research Inc., USA, Lupin Pharma LLC, Russia and Lupin Japan & Asia Pacific K.K., Japan have not yet commenced commercial operations.
- 2) The shares in Lupin Pharmaceuticals Inc., USA are held by Lupin Inc., USA (97%) and Lupin Limited (3%).
- 3) The entire shareholding of Pharma Dynamics Pty Limited, South Africa, Hormosan Pharma GmbH, Germany, Generic Health Pty Limited, Australia, Lupin Mexico S.A. de C.V., Mexico, Lupin Philippines Inc., Philippines and Generic Health SDN. BHD., Malaysia, are held by Lupin Holdings B.V., Netherlands, wholly-owned subsidiary of the Company.
- 4) Lupin Holdings B.V., Netherlands, wholly-owned subsidiary of the Company holds 99.82% shares of Kyowa Pharmaceutical Industries Co., Limited, Japan and 51% shares of Multicare Pharmaceutical Philippines Inc., Philippines.
- 5) The entire shareholding of Kyowa Criticare Co., Limited, Japan is held by Kyowa Pharmaceutical Industries Co., Limited, Japan, subsidiary of the Company.
- 6) The entire shareholding of Bellwether Pharma Pty Limited, Australia is held by Generic Health Pty Limited, Australia, wholly-owned subsidiary of the Company.
- 7) The entire shareholdings of Lupin Europe Ltd., U.K., Lupin Pharma Canada Limited, Canada, Lupin Middle East FZ-LLC, Dubai, Lupin GmbH, Switzerland, Lupin Inc., USA, Nanomi B.V., Netherlands, Laboratorios Grin S.A. de C.V., Mexico, Lupin Latam, Inc., USA and Lupin Japan & Asia Pacific K.K., Japan are held by Lupin Atlantis Holdings SA, Switzerland, wholly-owned subsidiary of the Company.
- 8) The ownership interest in Lupin Pharma LLC, Russia and Lupin Ukraine LLC, Ukraine are held by Lupin Atlantis Holdings SA, Switzerland, wholly-owned subsidiary of the Company. The ownership interest in Medquimica Industria Farmaceutica LTDA, Brazil, are held by Lupin Atlantis Holdings SA, Switzerland (94.98%) and Lupin Holdings B.V., Netherlands (5.02%).
- 9) The entire shareholding of Gavis Pharmaceuticals, LLC, USA, Novel Laboratories, Inc., USA and Lupin Research Inc., USA, are held by Lupin Inc., USA, wholly-owned subsidiary of the Company.
- 10) Effective February 24, 2017, VGS Holdings, Inc., USA and Edison Therapeutics, LLC, USA, wholly-owned subsidiaries of the Company were amalgamated with Novel Laboratories Inc., USA and Gavis Pharmaceuticals, LLC, USA, wholly-owned subsidiaries of the Company, respectively.
- 11) 9,999 equity shares of the face value of ₹ 10/- each in Novel Clinical Research (India) Private Limited are held by Lupin Limited and 1 share of the face value of ₹ 10/- by Mr. Nilesh Gupta as a nominee of Lupin Limited jointly with Lupin Limited.
- 12) Lupin Pharmaceuticals Inc., USA has Share Capital 1 \$ = ₹ 62/-.
- 13) Investments (other than in subsidiaries) in Hormosan Pharma GmbH, Germany is ₹ 34647/-.
- 14) Deferred Tax (Net) in Lupin Pharma Canada Limited is ₹ 40677/- Credit.
- 15) Total Liabilities in Lupin Healthcare Limited is ₹ 23000/-.
- 16) Lupin Inc., USA, has Share Capital 1 \$ = ₹ 62/-.
- 17) Novel Laboratories, Inc., USA has Share Capital of USD 1 i.e. ₹ 67/-.
- 18) Current Tax Expense in Novel Clinical Research (India) Private Limited is ₹ 25549/-.
- 19) Lupin Research Inc., USA has Share Capital of USD 1 i.e. ₹ 67/-, Reserves and Surplus is ₹ 2.15 and Other Current Financial Asset USD 1 i.e. ₹ 64.85.
- 20) Lupin Latam, Inc. USA has Share Capital of USD 1 i.e. ₹ 68/-.
- 21) Figures in brackets denotes negative amounts.

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

**Ramesh Swaminathan**  
*Chief Financial Officer & Executive Director*  
(DIN: 01833346)

**R. V. Satam**  
*Company Secretary*  
(ACS 11973)

Mumbai, May 24, 2017

**Part 'B' Joint Ventures****Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Jointly Controlled Entity****(₹ in Million)**

Name of the Jointly Controlled Entity	YL Biologics Limited, Japan
<b>1) Latest Audited Balance Sheet Date</b>	March 31, 2017
<b>2) Date on which Jointly Controlled Entity was acquired</b>	April 23, 2014
<b>3) Shares of the Jointly Controlled Entity held by the Company on the year end *(Refer note below)</b>	
Number	450 Common Shares of JPY Nil
Amount of investment in the Jointly Controlled Entity	164.3
Extent of Holding %	45%
<b>4) Description of how there is significant influence</b>	N.A.
<b>5) Reason why the Jointly Controlled Entity is not consolidated</b>	N.A.
<b>6) Networth attributable to Shareholding as per latest audited Balance Sheet</b>	164.3
<b>7) Profit/Loss for the year</b>	
(i) Considered in Consolidation (after inter company adjustment)	82.5
(ii) Not Considered in Consolidation	91.1

\* Note: Shares are held by Lupin Atlantis Holdings SA, Switzerland, wholly-owned subsidiary of the Company.

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

**Ramesh Swaminathan**  
*Chief Financial Officer & Executive Director*  
(DIN: 01833346)

**R. V. Satam**  
*Company Secretary*  
(ACS 11973)

Mumbai, May 24, 2017

# ANNEXURE 'B' TO THE DIRECTORS' REPORT

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES PURSUANT TO RULE 8 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014.

### 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programs.

The CSR Policy aims at:

- Building and replicating sustainable, evolving and dynamic models of social, economic, infrastructure and natural resource development at macro, micro and mini scales in partnership with government bodies and other stakeholders at national, regional, district, block and village level.
- Providing services and solutions to address social issues with highest social priority for the poor, marginalized and under-privileged in line with the business philosophy of providing affordable medicines for most prevalent diseases.
- Planning and executing programmes that would benefit the communities in and around Company's work-sites, factory and plant locations and adopted-areas with low Human Development Indices - scores in order to enhance the quality of life of the community in general and the poor in particular.
- Building, nurturing and reinforcing identity of the Company as a socially and ethically responsible corporate entity through its CSR initiatives for the benefit of diverse stakeholders in the society.
- Carrying out activities that would create increased happiness and empowerment of the stakeholders.
- Acting as a catalyst, integrating diverse resources through direct intervention and social investment, to address the immediate needs of the poor as also long-term development concerns.
- Responding to natural and anthropogenic disasters, calamities and provide relief, reconstruction and rehabilitation support.
- Setting up deeper sustainable institutional projects for long-term welfare of the nation.

**Weblink:** <http://www.lupin.com/pdf/LupinCSR-Policy.pdf>

### 2. Composition of the CSR Committee:

- i) Dr. Desh Bandhu Gupta - Chairman
- ii) Dr. Kamal K. Sharma
- iii) Mr. Nilesh Gupta
- iv) Dr. Vijay Kelkar

### 3. Average net profit of the Company for last three financial years:

The average net profit of the Company for the last three financial years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 was ₹ 33123.3 mn.

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

₹ 662.5 mn.

### 5. Details of CSR spent during the financial year:

#### (a) Total amount to be spent for the financial year:

₹ 662.5 mn.

#### (b) Amount unspent, if any:

₹ 465.7 mn.



**(c) Manner in which the amount spent during the financial year is detailed below:****(₹ in million)**

1	2	3	4	5	6	7	8
Sl. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/Programs (1) Local area or other (2) Specify the State and district where projects/ programs were undertaken	Amount outlay (budget) project/ program-wise	Amount spent on the projects/programs Sub-heads: (1) Direct Expenditure on projects/programs (2) Overheads	Cumulative expenditure up to the reporting period (From F.Y. 2014-15)	Amount spent: Direct/through implementing agency*
1.	Rural Support Programme	Social and Economic Development	Bharatpur, Alwar (Rajasthan), Pune, Sindhudurg (Maharashtra), Bhopal (Madhya Pradesh) and Rishikesh (Uttarakhand)	106.0	96.9	268.5	LHWRF*/MSGDJSN**
2.	Learn & Earn Programme	Social and Economic Development	Goa and Tarapur (Maharashtra)	9.5	9.2	32.2	LHWRF
3.	Rural Support Programme	Social and Economic Development	Factory locations: Ankleshwar, Dabhasa (Gujarat), Aurangabad, Nagpur, Tarapur (Maharashtra), Pithampur, Mandideep (Madhya Pradesh), Goa, Jammu and Visakhapatnam (Andhra Pradesh)	56.5	54.0	111.9	LHWRF
4.	Tuberculosis Eradication	Health	Mumbai	33.0	11.2	40.1	LHWRF
5.	Patient Awareness Camps	Health	National level	17.0	15.9	29.9	Direct
6.	Donations for CSR	Education	National level	20.0	0.2	19.9	Direct
7.	Salary and Administrative Expenses	-	National level	12.0	9.4	25.2	Direct
<b>TOTAL:</b>				<b>254.0</b>	<b>196.8</b>	<b>527.7</b>	

**\*LHWRF: Lupin Human Welfare & Research Foundation****\*\*MSGDJSN: Mata Shree Gomati Devi Jan Seva Nidhi**

6. The actual CSR spend of the Company was less than 2% of the average net profit for the last three years. The Company is committed to help the poorest of the poor and the marginalised sections of the society. In this pursuit, it would be accelerating the pace of its CSR spends. In this direction, the Company has set up 'Lupin Foundation', a charitable trust, with the objective of undertaking deeper sustainable projects like hospitals, educational institutes, etc.
7. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

**Nilesh Gupta**  
*Managing Director*  
(DIN: 01734642)

Mumbai, May 24, 2017

# ANNEXURE 'C' TO THE DIRECTORS' REPORT

## FORM NO. AOC - 2

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014].

- All contracts/arrangements/transactions entered into by the Company with related parties during the year ended March 31, 2017 were at arm's length basis.
- Details of material contracts or arrangement or transactions at arm's length basis: -

Sl. No.	Name of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value (₹ in million)	Date(s) of approval by the Audit Committee/ Board	Amount paid as advances
1.	Lupin Pharmaceuticals, Inc., USA, (wholly-owned subsidiary)	Sale - Goods	Ongoing	Based on Transfer Pricing Guidelines. ₹ 64443.3	August 9, 2016, November 8, 2016 November 9, 2016 February 8, 2017, February 9, 2017, May 23, 2017 and May 24, 2017.	Nil
2.	Lupin Inc., USA, (wholly-owned subsidiary)	Services Received	Ongoing	Based on Transfer Pricing Guidelines. ₹ 1542.5	August 9, 2016, November 8, 2016 November 9, 2016 February 8, 2017, February 9, 2017, May 23, 2017 and May 24, 2017.	Nil
3.	Lupin Pharmaceuticals Inc., USA, (wholly-owned subsidiary)	Services Received	Ongoing	Based on Transfer Pricing Guidelines. ₹ 1263.3	August 9, 2016, November 8, 2016 November 9, 2016 February 8, 2017, February 9, 2017, May 23, 2017 and May 24, 2017.	Nil
4.	Lupin Atlantis Holdings SA, Switzerland (wholly-owned subsidiary)	R &D Services rendered	Ongoing	Based on Transfer Pricing Guidelines. ₹ 586.8	August 9, 2016, November 8, 2016 November 9, 2016 February 8, 2017, February 9, 2017, May 23, 2017 and May 24, 2017.	Nil

For and on behalf of the Board of Directors

**Dr. Desh Bandhu Gupta**  
Chairman  
(DIN: 00209378)

**Ramesh Swaminathan**  
Chief Financial Officer & Executive Director  
(DIN: 01833346)

**R. V. Satam**  
Company Secretary  
(ACS -11973)

Mumbai, May 24, 2017

# ANNEXURE 'D' TO THE DIRECTORS' REPORT

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to the provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.**

**(A) Conservation of energy:**

**(i) steps taken or impact on conservation of energy;**

- a) Optimized HVAC load to reduce overall power consumption.
- b) Replaced CFL lamps with energy saving LED ones.
- c) Installed condensate recovery system.
- d) Connected domestic water pump motor with VFD.
- e) Installed energy efficient agitation system for chemical reaction.
- f) Shifted chilled brine load to single compressor instead of multiple ones.
- g) Installed variable frequency drives on pumps to optimize pump head and flow.
- h) Installed auto power factor capacitor bank.
- i) Replaced worm gear boxes of reactors with energy efficient planetary gear.
- j) Improved boiler generation efficiency and steam to fuel ratio.
- k) Replaced mercury vapor lights with LED ones.
- l) Installed automatic ball cleaning system in chilled water plant.
- m) Installed fuel emulsification system for furnace oil.
- n) Installed fan less jet cooling tower for air compressor.
- o) Installed variable refrigerant volume and instant hot water generator.

**(ii) steps taken for utilising alternate sources of energy;**

- a) Procured electric power through open access power with generator.
- b) Installed UPS to provide DC consistent power source.
- c) Installed solar water heater for hot water generation.
- d) Installed solar LED street lights.
- e) Installed sun pipes in manufacturing area.

**(iii) capital investment on energy conservation equipments;**

- a) Ankleshwar - ₹ 36.51million.
- b) Mihan - ₹ 31.06 million.
- c) Pune Research Park - ₹ 26.90 million.
- d) Mandideep - ₹ 10.69 million.
- e) Pithampur - ₹ 0.96 million.

**(B) Technology absorption:**

**(i) efforts made towards technology absorption;**

Particulars are given in the Management Discussion and Analysis which forms part of this Annual Report.

**(ii) benefits derived like product improvement, cost reduction, product development or import substitution;**

Particulars are given in the Management Discussion and Analysis which forms part of this Annual Report.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year);

**(a) details of technology imported;**

Technology with advanced technique for identification of microorganisms used for microbiological investigation, in case of failure, was imported. It is used for preparation of in-house microorganisms library 'House flora' for microbiological validation of different types.

Fermentation technology for producing Capreomycin Sulfate (antibiotic for multi drug resistant tuberculosis treatment) was imported.

During FY 2016-17 no specific technology was imported. The Company developed technology through efforts of its in-house Research & Development.

**(b) year of import;**

FY 2014-15.

**(c) whether the technology been fully absorbed;**

Technology with advanced technique for identification of microorganisms was absorbed. API manufacturing for fermentation technology for producing Capreomycin Sulfate was absorbed and that of formulations is under development.

**(d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefor.**

N.A.

**(iv) expenditure incurred on Research & Development (Consolidated);**

a.	Capital	₹ 6143.7 million
b.	Recurring (excluding depreciation of ₹ 1299.3 million)	₹ 21802.0 million
	<b>Total :</b>	<b>₹ 27945.7 million</b>

**(C) Foreign exchange earnings and outgo:**

**Foreign exchange earned in terms of actual inflows and foreign exchange outgo in terms of actual outflows during the year: -**

Foreign exchange earned in terms of actual Inflows	₹ 81884.6 million
Foreign exchange outgo in terms of actual Outflows	₹ 21506.2 million

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

Mumbai, May 24, 2017

# ANNEXURE 'E' TO THE DIRECTORS' REPORT

The disclosure envisaged in terms of Regulation 14(B) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the details of diluted EPS on issue of shares pursuant to all the schemes as on March 31, 2017, were as under: -

Description	Details
Diluted earnings per share (EPS) (Consolidated) on issue of shares pursuant to all the schemes covered under the Regulations, calculated in accordance with Accounting Standard IND(AS) 33 'Earnings per share'.	Diluted earnings per share as on 31.03.2017: ₹ 56.46 No. of options outstanding as on 31.03.2017: 4751206

## DETAILS OF STOCK OPTIONS AS ON MARCH 31, 2017

The disclosure envisaged in terms of Regulation 14(C) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the particulars of Employee Stock Option Scheme (ESOS) as on March 31, 2017, were as under: -

### (i) A description of each Employee Stock Option Scheme existed during 01.04.2016 and 31.03.2017:

Sr. No.	Name of the Plan	Date of shareholders' approval	Total no. of options approved	Vesting Requirements	Exercise price or pricing formula	Maximum term of options granted	Source of shares	Variation in terms of options
1.	Lupin Employees Stock Option Plan 2003 (ESOP 2003)	05.12.2003	3957310	Options being vested in phased manner after completion of minimum one year from the date of grant	Exercise Price is the market price or such other price as determined by the Nomination and Remuneration Committee	10 years from the date of grant	Primary	No Variation
2.	Lupin Employees Stock Option Plan 2005 (ESOP 2005)	28.07.2005	3211290	Options being vested in phased manner after completion of minimum one year from the date of grant	Exercise Price is the market price or such other price as determined by the Nomination and Remuneration Committee	10 years from the date of grant	Primary	No Variation
3.	Lupin Employees Stock Option Plan 2011 (ESOP 2011)	10.05.2011	3600000	Options being vested in phased manner after completion of minimum one year from the date of grant	Exercise Price is the market price or such other price as determined by the Nomination and Remuneration Committee	10 years from the date of grant	Primary	No Variation

Sr. No.	Name of the Plan	Date of shareholders' approval	Total no. of options approved	Vesting Requirements	Exercise price or pricing formula	Maximum term of options granted	Source of shares	Variation in terms of options
4.	Lupin Employees Stock Option Plan 2014 (ESOP 2014)	21.10.2014	3375000	Options being vested in phased manner after completion of minimum one year from the date of grant	Exercise Price is the face value or such other price as determined by the Nomination and Remuneration Committee	10 years from the date of grant	Primary	No Variation
5.	Lupin Subsidiary Companies Employees Stock Option Plan 2005 (SESOP 2005)	28.07.2005	802820	Options being vested in phased manner after completion of minimum one year from the date of grant	Exercise Price is the market price or such other price as determined by the Nomination and Remuneration Committee	10 years from the date of grant	Primary	No Variation
6.	Lupin Subsidiary Companies Employees Stock Option Plan 2011 (SESOP 2011)	10.05.2011	900000	Options being vested in phased manner after completion of minimum one year from the date of grant	Exercise Price is the market price or such other price as determined by the Nomination and Remuneration Committee	10 years from the date of grant	Primary	No Variation
7.	Lupin Subsidiary Companies Employees Stock Option Plan 2014 (SESOP 2014)	21.10.2014	1125000	Options being vested in phased manner after completion of minimum one year from the date of grant	Exercise Price is the market price or such other price as determined by the Nomination and Remuneration Committee	10 years from the date of grant	Primary	No Variation

Note: One option is convertible into one equity share of the face value of ₹ 2/- each.

No.	Description	Details
(ii)	Method used to account for ESOS	Fair Value method
(iii)	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Not Applicable



**(iv) Option movement during the year (for each ESOS):**

No.	Particulars	Details	
		Plan	No. of options
1.	Number of options outstanding at the beginning of the period	<b>Plan</b>	<b>No. of options</b>
		ESOP 2003	227759
		ESOP 2005	232181
		ESOP 2011	1989868
		ESOP 2014	696073
		SESOP 2005	226927
		SESOP 2011	756724
		SESOP 2014	37850
		<b>Total:</b>	<b>4167382</b>
		2.	Number of options granted during the year
ESOP 2011	50000		
ESOP 2014	563225		
SESOP 2011	187868		
SESOP 2014	1139795		
<b>Total:</b>	<b>1940888</b>		
3.	Number of options forfeited / lapsed during the year	Lapsed on account of resignation of employees:	
		<b>Plan</b>	<b>No. of options</b>
		ESOP 2003	2500
		ESOP 2005	626
		ESOP 2011	57907
		ESOP 2014	43934
		SESOP 2011	116777
		SESOP 2014	141420
		<b>Total:</b>	<b>363164</b>
		4.	Number of options vested during the year
ESOP 2003	37500		
ESOP 2005	8557		
ESOP 2011	514847		
ESOP 2014	178883		
SESOP 2011	157833		
SESOP 2014	9462		
<b>Total:</b>	<b>907082</b>		
5.	Number of options exercised during the year		
		ESOP 2003	22096
		ESOP 2005	163922
		ESOP 2011	443757
		ESOP 2014	125388
		SESOP 2005	114314
		SESOP 2011	124423
		<b>Total:</b>	<b>993900</b>
		6.	Number of shares arising as a result of exercise of options
ESOP 2003	22096		
ESOP 2005	163922		
ESOP 2011	443757		
ESOP 2014	125388		
SESOP 2005	114314		
SESOP 2011	124423		
<b>Total:</b>	<b>993900</b>		

No.	Particulars	Details	
		Plan	Amount (INR)
7.	Money realised by exercise of options (INR), if scheme is implemented directly by the company		
		ESOP 2003	13996325.80
		ESOP 2005	20620189.72
		ESOP 2011	290059905.60
		ESOP 2014	250776.00
		SESOP 2005	14918842.57
		SESOP 2011	86734070.30
		<b>Total:</b>	<b>426580109.99</b>
8.	Loan repaid by the Trust during the year from exercise price received	Not Applicable	
9.	Number of options outstanding at the end of the year	<b>Plan</b>	<b>No. of options</b>
		ESOP 2003	203163
		ESOP 2005	67633
		ESOP 2011	1538204
		ESOP 2014	1089976
		SESOP 2005	112613
		SESOP 2011	703392
		SESOP 2014	1036225
		<b>Total:</b>	<b>4751206</b>
10.	Number of options exercisable at the end of the year	<b>Plan</b>	<b>No. of options</b>
		ESOP 2003	130663
		ESOP 2005	55873
		ESOP 2011	1045473
		ESOP 2014	75650
		SESOP 2005	112613
		SESOP 2011	316954
		SESOP 2014	9462
		<b>Total:</b>	<b>1746688</b>

**(v) Weighted average exercise prices and weighted average fair values of options:**

Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	(i) Weighted average exercise price of options granted during the year whose:- a. Exercise price equals market price: ₹ 1495.18 b. Exercise price is greater than market price: N.A. c. Exercise price is less than the market price: ₹ 63.55
	(ii) Weighted average fair value of options granted during the year whose:- a. Exercise price equals market price: ₹ 494.69 b. Exercise price is greater than market price: N.A. c. Exercise price is less than the market price: ₹ 1365.47

**(vi) Employee-wise details of options granted to:**

a. Senior Managerial Personnel	i) Dr. Kamal K. Sharma, Vice Chairman, was granted 50000 options under ESOP 2011. The exercise price of the options is ₹ 720.48. ii) Mr. Ramesh Swaminathan, Chief Financial Officer & Executive Director, was granted 7350 options under ESOP 2014. The exercise price of the options is ₹ 2/-.
b. Employees to whom options granted amounting to 5% or more, of the total options granted during the year.	i) Dr. Kamal K. Sharma, Vice Chairman, granted 50000 options under Lupin Employees Stock Option Plan 2011. The exercise price of the options is ₹ 720.48. ii) Dr. Sofia Mumtaz, President, granted 24150 options under Lupin Subsidiary Companies Employees Stock Option Plan 2011. The exercise price of the options is ₹ 1505.75. iii) Dr. Kurt Neilson, President, granted 16100 options under Lupin Subsidiary Companies Employees Stock Option Plan 2011. The exercise price of the options is ₹ 1505.75. iv) Mr. Noriaki Tsunoda, President, granted 10470 options under Lupin Subsidiary Companies Employees Stock Option Plan 2011. The exercise price of the options is ₹ 1505.75.
c. Employees to whom options equal to or exceeding 1% of the issued capital have been granted during the year.	Nil

**(vii) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following information:**

- Fair value calculated by using Black-Scholes option pricing model.
- Share price: The closing price on NSE as on the date of grant has been considered for valuing the options granted.
- Exercise Price: Exercise Price is the market price or face value or such other price as determined by the Remuneration and Compensation Committee.
- Expected Volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.
- Expected Option Life: Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.
- Expected dividends: Expected dividend yield has been calculated as an average of dividend yields for four years preceding the date of the grant.
- Risk free interest rate: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.

Variables	Weighted Average Information								
	1	2	3	4	5	6	7	8	9
<b>Plan</b>	<b>ESOP 2014</b>	<b>ESOP 2014</b>	<b>SESOP 2014</b>	<b>SESOP 2014</b>	<b>ESOP 2014</b>	<b>SESOP 2014</b>	<b>SESOP 2014</b>	<b>ESOP 2014</b>	<b>ESOP 2014</b>
Grant date	01.04.16	01.04.16	01.04.16	01.04.16	09.06.16	25.08.16	25.08.16	25.08.16	25.08.16
Risk free rate (%)	7.81	7.80	7.81	7.80	7.30	7.34	7.41	7.34	7.41
Expected life (years)	3.75	4.50	3.75	4.50	3.50	3.75	4.50	3.75	4.50
Volatility (%)	27.02	30.56	27.02	30.56	27.45	27.09	30.43	27.09	30.43
Dividend yield (%)	0.66	0.66	0.66	0.66	0.60	0.60	0.60	0.60	0.60
Stock price (NSE closing rate) ₹	1464.85	1464.85	1464.85	1464.85	1427.20	1522.15	1522.15	1522.15	1522.15
<b>Option Fair Value ₹</b>	<b>450.81</b>	<b>533.21</b>	<b>450.81</b>	<b>533.21</b>	<b>1396.02</b>	<b>467.19</b>	<b>552.24</b>	<b>467.19</b>	<b>552.24</b>

Variables	Weighted Average Information								
	10	11	12	13	14	15	16	17	
<b>Plan</b>	<b>ESOP 2014</b>	<b>ESOP 2014</b>	<b>ESOP 2014</b>	<b>ESOP 2011</b>	<b>SESOP 2011</b>	<b>SESOP 2014</b>	<b>ESOP 2014</b>	<b>SESOP 2014</b>	
Grant date	25.08.16	16.11.16	16.11.16	16.11.16	03.01.17	03.01.17	03.01.17	24.01.17	
Risk free rate (%)	7.30	7.30	7.41	7.26	7.41	7.41	7.30	7.41	
Expected life (years)	3.50	3.50	4.50	3.00	4.50	4.50	3.50	4.50	
Volatility (%)	27.28	27.28	30.56	27.73	27.22	27.22	28.47	27.12	
Dividend yield (%)	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	
Stock price (NSE closing rate) ₹	1522.15	1407.05	1407.05	1407.05	1505.50	1505.50	1505.50	1504.70	
<b>Option Fair Value ₹</b>	<b>1489.00</b>	<b>1376.62</b>	<b>498.30</b>	<b>808.77</b>	<b>515.88</b>	<b>515.88</b>	<b>1472.70</b>	<b>524.13</b>	

**DETAILS OF STOCK APPRECIATION RIGHTS AS ON MARCH 31, 2017**

The disclosure envisaged in terms of Regulation 14(E) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: -

**(i) A description of each SAR Scheme existed during 01.04.2016 and 31.03.2017:** No Scheme existed.

**DETAILS RELATED TO TRUST AS ON MARCH 31, 2017**

The disclosure envisaged in terms of Regulation 14(G) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: -

**(i) General information of all schemes:** No Scheme Existed.

**(ii) Brief details of transactions in shares by the Trust:** Not Applicable.

**(iii) In case of secondary acquisition of shares by the Trust:** Not Applicable.

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
Chairman  
(DIN: 00209378)

Mumbai, May 24, 2017

# ANNEXURE 'F' TO THE DIRECTORS' REPORT

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

Sl. No.	Name of the Director/Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2017 (₹ in million)	% increase in the remuneration in the year ended March 31, 2017	Ratio of the remuneration of each Director to the median remuneration of the employees
1.	Dr. Desh Bandhu Gupta, <i>Chairman</i>	476.61	6.4%	1263
2.	Dr. Kamal K. Sharma, <i>Vice Chairman</i>	190.40	-	505
3.	Mr. Nilesh Gupta, <i>Managing Director</i>	81.78	7.7%	217
4.	Mrs. M. D. Gupta, <i>Executive Director</i>	5.10	0.2%	14
5.	Mr. Ramesh Swaminathan, <i>Chief Financial Officer &amp; Executive Director</i>	53.21	-	141
6.	Dr. Vijay Kelkar, <i>Independent Director</i>	3.62	-	10
7.	Mr. R. A. Shah, <i>Independent Director</i>	3.68	-	10
8.	Mr. Richard Zahn, <i>Independent Director</i>	6.63	-	18
9.	Dr. K. U. Mada, <i>Independent Director</i>	3.36	-	9
10.	Mr. Dileep C. Choksi, <i>Independent Director</i>	3.22	-	9
11.	Mr. Jean-Luc Belingard, <i>Independent Director</i>	6.63	-	18
12.	Mr. R. V. Satam, <i>Company Secretary</i>	6.99	-	N.A.

- i) Mr. Jean-Luc Belingard was appointed w.e.f. October 27, 2015. His last years remuneration has been annualised for the purpose of calculating % increase in the current year.
- ii) The median remuneration of employees of the Company during the year ended March 31, 2017 was ₹ 0.38 million.
- iii) During the year ended March 31, 2017, there was an increase of 11% in the median remuneration of employees.
- iv) During the year ended March 31, 2017, there was an average 12% increase in salaries of employees other than key managerial personnel.
- v) As on March 31, 2017, the Company had 16792 permanent employees.
- vi) We affirm that the remuneration paid is as per the Remuneration policy of the Company.

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

Mumbai, May 24, 2017

# ANNEXURE 'G' TO THE DIRECTORS' REPORT

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

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

To,  
The Members,  
**Lupin Limited**

I have conducted the Secretarial Audit of the compliance with applicable statutory provisions and the adherence to good corporate practices by Lupin Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the year ended March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the year ended March 31, 2017 according to the provisions of: -

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and regulations made thereunder to the extent of Foreign Direct Investment;
5. 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 Takeover) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

I have also examined compliance with the applicable clauses of the following: -

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

To the best of my understanding, I am of the view that during the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

Having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following laws applicable specifically to the Company:-

- a. Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945;
- b. Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; and
- c. Drugs (Price Control) Order, 2013.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all the 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.

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

This Report is to be read with my letter of even date which is enclosed as Annexure 'G' - 1 and forms integral part of this Report.

**Ms. Neena Bhatia**  
*(Company Secretary)*  
ACS No: 11950  
CP. No.: 2661

**Place:** Mumbai  
**Date:** May 24, 2017



# ANNEXURE 'G'-1

(TO THE SECRETARIAL AUDIT REPORT OF LUPIN LIMITED FOR YEAR ENDED MARCH 31, 2017).

To,  
The Members,  
**Lupin Limited**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records based on my audit.
2. I 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 the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation letter about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Ms. Neena Bhatia**  
(Company Secretary)  
ACS No: 11950  
CP. No.: 2661

**Place:** Mumbai  
**Date:** May 24, 2017

# ANNEXURE 'H' TO THE DIRECTOR'S REPORT

**FORM NO. MGT - 9  
EXTRACT OF ANNUAL RETURN  
as on the year ended March 31, 2017**

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

## I. REGISTRATION AND OTHER DETAILS:

(i)	Corporate Identity Number (CIN)	:	L24100MH1983PLC029442
(ii)	Registration Date	:	March 1, 1983
(iii)	Name of the Company	:	LUPIN LIMITED
(iv)	Category/Sub-Category of the Company	:	Company having Share Capital
(v)	Address of the Registered office and contact details	:	Kalpataru Inspire, 3rd Floor, Off Western Express Highway, Santacruz (East), Mumbai - 400 055, India. Tel. No. + 91 22 6640 2323
(vi)	Whether listed Company	:	Yes
(vii)	Name, address and contact details of Registrar and Transfer Agent, if any	:	The Company has an in-house Investors' Services Department at the Registered Office address. Tel. No. + 91 22 6640 2323 Ext: 2402/2403

## 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:**

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Pharmaceuticals	210	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Lupin Pharmaceuticals, Inc., HarborPlace Tower, 111, South Calvert Street, 21 <sup>st</sup> Floor, Baltimore, MD 21202, USA.	N.A. *	Subsidiary	100%	2(87)
2.	Kyowa Pharmaceutical Industry Co., Ltd., Shin - Osaka, MT Building I, 5-13-9 Nishinakajima, Yodogawa - ku, Osaka 532-0011, Japan.	N.A. *	Subsidiary	99.82%	2(87)
3.	Pharma Dynamics (Proprietary) Ltd., 1 <sup>st</sup> Floor, Grapevine House, Steenberg Office Park, Silverwood Close, Westlake, Cape Town, 7945, P.O. Box 30958, South Africa.	N.A. *	Subsidiary	100%	2(87)

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4.	Hormosan Pharma GmbH, Wilhelmshoher Strasse 106 60389, Frankfurt am, Main Germany.	N.A. *	Subsidiary	100%	2(87)
5.	Multicare Pharmaceuticals Philippines, Inc., 26 <sup>th</sup> Floor, Rufino Tower, Ayala Avenue, Makati City, Philippines.	N.A. *	Subsidiary	51%	2(87)
6.	Generic Health Pty Ltd., Level 1, East/1100-1102, Toorak Road, Camberwell, Victoria 3124, Australia.	N.A. *	Subsidiary	100%	2(87)
7.	Kyowa CritiCare Co., Ltd., 4-18-29, Asahicho, Atsugi-City, Kanagawa 243-0014, Japan.	N.A. *	Subsidiary	99.82%	2(87)
8.	Lupin Holdings B.V., Naritaweg 165, Telestone 8, 1043 BW Amsterdam, Netherlands.	N.A. *	Subsidiary	100%	2(87)
9.	Lupin Atlantis Holdings SA, Landis + Gyr-Strasse 1, 6300 Zug, Switzerland.	N.A. *	Subsidiary	100%	2(87)
10.	Lupin (Europe) Ltd., The Urban Building, Floor 2, 3-9 Albert Street, Slough, Berkshire, SL1 2BE, UK.	N.A. *	Subsidiary	100%	2(87)
11.	Lupin Australia Pty Ltd., Level 1, East/1100-1102, Toorak Road, Camberwell, Victoria 3124, Australia.	N.A. *	Subsidiary	100%	2(87)
12.	Lupin Pharma Canada Ltd., 15 Wertheim Crt, Suite 707 Richmond Hill, Ontario L4B 3H7, Canada.	N.A. *	Subsidiary	100%	2(87)
13.	Lupin Mexico S.A. de C.V., Rodriguez Saro 630, Colonia De Valle, Ciudad de Mexico, c.p. 03100	N.A. *	Subsidiary	100%	2(87)
14.	Bellwether Pharma Pty Ltd., Level 1, East/1100-1102, Toorak Road, Camberwell, Victoria 3124, Australia.	N.A. *	Subsidiary	100%	2(87)
15.	Lupin Philippines, Inc., 1135 Chino Roces Avenue, Makati City, 1231, Philippines.	N.A. *	Subsidiary	100%	2(87)
16.	Lupin Healthcare Ltd., Kalpataru Inspire, 3 <sup>rd</sup> Floor, Off Western Express Highway, Santacruz (East), Mumbai - 400 055.	U24100MH2011PLC214885	Subsidiary	100%	2(87)
17.	Generic Health SDN. BHD., Upper Penthouse, Wisma RKT, No.2, Jalan Raja Abdulla, Off Jalan Sultan Ismail, 50300 Kuala Lumpur, Malaysia.	N.A. *	Subsidiary	100%	2(87)
18.	Lupin Middle East FZ-LLC, Executive Office No. 9, Floor No. 1, Block No. 03, Dubai International Academic City, P.O. Box - 345029, Dubai, U.A.E.	N.A. *	Subsidiary	100%	2(87)

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
19.	Lupin Inc., Harbor Place Tower, 111 South Calvert Street, 21 <sup>st</sup> Floor, Baltimore, MD 21202, USA.	N.A. *	Subsidiary	100%	100%
20.	Lupin GmbH, Landis + Gyr-Strasse 1, 6300 Zug, Switzerland.	N.A. *	Subsidiary	100%	2(87)
21.	Nanomi B.V., Zutphenstraat 51, 7575 EJ OLDEN ZAAL, Netherlands.	N.A. *	Subsidiary	100%	2(87)
22.	Laboratorios Grin, S.A. de C.V., Rodriguez Saro numero 630, Colonial del Valle, Delegacion Benito, Juarez, C.P., 03100, en Mexico D.F., Mexico.	N.A. *	Subsidiary	100%	2(87)
23.	Medquimica Industria Farmaceutica LTDA, Rua Otacillo Esteves da Silva 40, Granjas Betania – Juiz de Fora, Estado de Minas Gerais, CEP, 36047400.	N.A. *	Subsidiary	100%	2(87)
24.	Gavis Pharmaceuticals, LLC., 400 Campus Drive, Somerset, New Jersey-00873-1145, USA.	N.A. *	Subsidiary	100%	2(87)
25.	Novel Laboratories, Inc., 400 Campus Drive, Somerset, New Jersey-00873-1145, USA.	N.A. *	Subsidiary	100%	2(87)
26.	VGS Holdings, Inc., (upto February 24, 2017) 400 Campus Drive, Somerset, New Jersey-00873-1145, USA.	N.A. *	Subsidiary	100%	2(87)
27.	Edison Therapeutics, LLC, (upto February 24, 2017) 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA.	N.A. *	Subsidiary	100%	2(87)
28.	Novel Clinical Research (India) Pvt. Ltd., Kalpataru Inspire, 3 <sup>rd</sup> Floor, Off Western Express Highway, Santacruz (East), Mumbai - 400 055.	U73100KA2012FTC067065	Subsidiary	100%	2(87)
29.	Lupin Research Inc., HarborPlace Tower, 111 South Calvert Street, 21 <sup>st</sup> Floor, Baltimore, MD 21202, USA.	N.A. *	Subsidiary	100%	2(87)
30.	Lupin Pharma LLC, Russian Federation, 1 17246, Moscow, Nauchny proezd, 17, premises XXXIV, Rooms 1-14.	N.A. *	Subsidiary	100%	2(87)
31.	Lupin Ukraine LLC, (w.e.f. July 13, 2016) 02121, Kuiv Kharkov Highway 201 – 203, 2 "A" Ukraine.	N.A. *	Subsidiary	100%	2(87)
32.	Lupin Latam, Inc., (w.e.f. December 15, 2016) 5801 pelican bay boulevard - suite 500 Naples Florida 34108. USA.	N.A. *	Subsidiary	100%	2(87)
33.	Lupin Japan & Asia Pacific K.K., (w.e.f. March 13, 2017) Toranoman Hills, Mori Tower, 1-23-3, Toranoman, Minato-ku, Tokyo.	N.A. *	Subsidiary	100%	2(87)

\* Incorporated outside India.

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Shareholding:**

Category of shareholders	No. of Shares held at the beginning of the year i.e. as on 01.04.2016				No. of Shares held at the end of the year i.e. as on 31.03.2017				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>(A) Promoters</b>									
(1) Indian									
(a) Individuals / HUF	6661995	0	6661995	1.48	6115295	0	6115295	1.35	-0.12
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	202140570	0	202140570	44.86	203937918	0	203937918	45.16	0.30
(e) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	<b>208802565</b>	<b>0</b>	<b>208802565</b>	<b>46.34</b>	<b>210053213</b>	<b>0</b>	<b>210053213</b>	<b>46.52</b>	<b>0.17</b>
<b>(2) Foreign</b>									
(a) NRIs – Individuals	803800	0	803800	0.18	803800	0	803800	0.18	0.00
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	<b>803800</b>	<b>0</b>	<b>803800</b>	<b>0.18</b>	<b>803800</b>	<b>0</b>	<b>803800</b>	<b>0.18</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>209606365</b>	<b>0</b>	<b>209606365</b>	<b>46.52</b>	<b>210857013</b>	<b>0</b>	<b>210857013</b>	<b>46.69</b>	<b>0.17</b>
<b>(B) Public shareholding</b>									
(1) Institutions									
(a) Mutual Funds	17347178	30700	17377878	3.86	24318679	30700	24349379	5.39	1.54
(b) Banks / FI	973992	3900	977892	0.22	1416875	3900	1420775	0.31	0.10
(c) Central Government	612381	0	612381	0.14	1051013	0	1051013	0.23	0.10
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	13115590	100	13115690	2.91	15496672	100	15496772	3.43	0.52
(g) FIs	158352857	3600	158356457	35.14	143920974	3600	143924574	31.87	-3.27
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Any other	-	-	-	-	-	-	-	-	-
Foreign Bodies	7079	0	7079	0.00	5015	0	5015	0.00	0.00
<b>Sub Total: (B) (1)</b>	<b>190409077</b>	<b>38300</b>	<b>190447377</b>	<b>42.27</b>	<b>186209228</b>	<b>38300</b>	<b>186247528</b>	<b>41.24</b>	<b>-1.02</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
i) Indian	5400916	30000	5430916	1.21	4803489	26700	4830189	1.07	-0.14
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals -									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	23380510	1780626	25161136	5.58	27837773	1655978	29493751	6.53	0.95
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13528457	0	13528457	3.00	13580951	0	13580951	3.01	0.01
(c) Others (specify)									
Non-Resident Indians	2982875	21500	3004375	0.67	3039315	21500	3060815	0.68	0.01
Foreign Nationals	72439	0	72439	0.02	148720	0	148720	0.03	0.02
Clearing Members	2196043	0	2196043	0.49	1009542	0	1009542	0.22	-0.26
Trusts	1135861	0	1135861	0.25	2348360	0	2348360	0.52	0.27
<b>Sub Total: (B) (2)</b>	<b>48697101</b>	<b>1832126</b>	<b>50529227</b>	<b>11.22</b>	<b>52768150</b>	<b>1704178</b>	<b>54472328</b>	<b>12.06</b>	<b>0.85</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>239106178</b>	<b>1870426</b>	<b>240976604</b>	<b>53.48</b>	<b>238977378</b>	<b>1742478</b>	<b>240719856</b>	<b>53.31</b>	<b>-0.17</b>
<b>TOTAL: (A) + (B)</b>	<b>448712543</b>	<b>1870426</b>	<b>450582969</b>	<b>100.00</b>	<b>449834391</b>	<b>1742478</b>	<b>451576869</b>	<b>100.00</b>	<b>0.00</b>
<b>(C) Shares held by Custodians for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL: (A) + (B) + (C)</b>	<b>448712543</b>	<b>1870426</b>	<b>450582969</b>	<b>100.00</b>	<b>449834391</b>	<b>1742478</b>	<b>451576869</b>	<b>100.00</b>	<b>0.00</b>

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year as on 01.04.2016			No. of Shares held at the end of the year as on 31.03.2017			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Zyma Laboratories Ltd.	55260490	12.26	0.00	55658383	12.33	0.00	0.06
2.	Rahas Investments Pvt. Ltd.	45699510	10.14	0.00	46083534	10.21	0.00	0.06
3.	Visiomed Investments Pvt. Ltd.	43514660	9.66	0.00	44102333	9.77	0.00	0.11
4.	Lupin Holdings Pvt. Ltd.	40401000	8.97	0.00	40828758	9.04	0.00	0.07
5.	Lupin Investments Pvt. Ltd.	15401910	3.42	0.00	15401910	3.41	0.00	-0.01
6.	Manju D Gupta	3491820	0.77	0.00	3491820	0.77	0.00	0.00
7.	D. B. Gupta	1860330	0.41	0.00	1310330	0.29	0.00	-0.12
8.	Rahas Mercantile Pvt. Ltd. (Formerly – Lupin International Pvt. Ltd.)	1863000	0.41	0.00	1863000	0.41	0.00	0.00
9.	Desh Bandhu Gupta	647580	0.14	0.00	647580	0.14	0.00	0.00
10.	Nilesh D Gupta	625240	0.14	0.00	625240	0.14	0.00	0.00
11.	Anuja D Gupta	622320	0.14	0.00	622320	0.14	0.00	0.00
12.	Richa D Gupta	129880	0.03	0.00	129880	0.03	0.00	0.00
13.	Vinita Gupta	51600	0.01	0.00	51600	0.01	0.00	0.00
14.	Kavita Gupta	27600	0.01	0.00	27600	0.01	0.00	0.00
15.	Veda Nilesh Gupta	9175	0.00	0.00	12475	0.00	0.00	0.00
16.	Shefali Nath	250	0.00	0.00	250	0.00	0.00	0.00
	<b>Total:</b>	<b>209606365</b>	<b>46.51</b>	<b>0</b>	<b>210857013</b>	<b>46.69</b>	<b>0</b>	<b>0.17</b>

iii) Change in Promoters' Shareholding:

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year as on 01.04.2016			No. of Shares held at the end of the year as on 31.03.2017			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Zyma Laboratories Ltd.	55260490	12.26	0.00	55658383	12.33	0.00	0.06
2.	Rahas Investments Pvt. Ltd.	45699510	10.14	0.00	46083534	10.21	0.00	0.06
3.	Visiomed Investments Pvt. Ltd.	43514660	9.66	0.00	44102333	9.77	0.00	0.11
4.	Lupin Holdings Pvt. Ltd.	40401000	8.97	0.00	40828758	9.04	0.00	0.07
5.	D. B. Gupta	1860330	0.41	0.00	1310330	0.29	0.00	-0.12
6.	Veda Nilesh Gupta	9175	0.00	0.00	12475	0.00	0.00	0.00
	<b>Total:</b>	<b>186745165</b>	<b>41.45</b>	<b>0.00</b>	<b>187995813</b>	<b>41.63</b>	<b>0.00</b>	<b>0.19</b>



## iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Date	Increase/decrease and reason* for the same	No. of Shares held at the beginning of the year as on 01.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	First State Investments ICVC	At the beginning of the year	-	7188394	1.60	-	-
		06.05.2016	1013864	-	-	8202258	1.82
		03.06.2016	1994827	-	-	10197085	2.26
		10.06.2016	759721	-	-	10956806	2.43
		At the end of the year	-	-	-	10956806	2.43
2.	Rakesh Jhunjhunwala	At the beginning of the year	-	8077435	1.79	-	-
		08.04.2016	290170	-	-	8367605	1.86
		29.04.2016	-4500	-	-	8363105	1.86
		20.05.2016	150000	-	-	8513105	1.89
		27.05.2016	-250000	-	-	8263105	1.83
		03.06.2016	-650000	-	-	7613105	1.69
		10.06.2016	40000	-	-	7653105	1.70
		24.06.2016	100000	-	-	7753105	1.72
		09.09.2016	-15000	-	-	7738105	1.72
		07.10.2016	250000	-	-	7988105	1.77
		21.10.2016	25000	-	-	8013105	1.78
		28.10.2016	135000	-	-	8148105	1.81
		11.11.2016	125000	-	-	8273105	1.83
		23.12.2016	20000	-	-	8293105	1.84
		13.01.2017	150000	-	-	8443105	1.87
		20.01.2017	-150000	-	-	8293105	1.84
24.02.2017	-500000	-	-	7793105	1.73		
At the end of the year	-	-	-	7793105	1.73		
3.	Government of Singapore	At the beginning of the year	-	7473302	1.66	-	-
		08.04.2016	61670	-	-	7534972	1.67
		15.04.2016	7	-	-	7534979	1.67
		22.04.2016	-3329	-	-	7531650	1.67
		29.04.2016	-52564	-	-	7479086	1.66
		06.05.2016	-83038	-	-	7396048	1.64
		13.05.2016	-2225	-	-	7393823	1.64
		27.05.2016	9676	-	-	7403499	1.64
		03.06.2016	116763	-	-	7520262	1.67

Sl. No.	Name of the Shareholder	Date	Increase/decrease and reason* for the same	No. of Shares held at the beginning of the year as on 01.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		10.06.2016	138605	-	-	7658867	1.70
		17.06.2016	81352	-	-	7740219	1.72
		24.06.2016	43916	-	-	7784135	1.73
		08.07.2016	-60415	-	-	7723720	1.71
		22.07.2016	-7315	-	-	7716405	1.71
		29.07.2016	-75081	-	-	7641324	1.69
		05.08.2016	-115291	-	-	7526033	1.67
		12.08.2016	-17987	-	-	7508046	1.66
		19.08.2016	82412	-	-	7590458	1.68
		26.08.2016	43100	-	-	7633558	1.69
		02.09.2016	-111632	-	-	7521926	1.67
		09.09.2016	22525	-	-	7544451	1.67
		16.09.2016	37718	-	-	7582169	1.68
		23.09.2016	-43217	-	-	7538952	1.67
		30.09.2016	-60627	-	-	7478325	1.66
		07.10.2016	34502	-	-	7512827	1.67
		28.10.2016	16700	-	-	7529527	1.67
		04.11.2016	-7790	-	-	7521737	1.67
		11.11.2016	-64611	-	-	7457126	1.65
		25.11.2016	151695	-	-	7608821	1.69
		02.12.2016	191601	-	-	7800422	1.73
		09.12.2016	117928	-	-	7918350	1.75
		31.12.2016	23646	-	-	7941996	1.76
		06.01.2017	22062	-	-	7964058	1.76
		27.01.2017	-54107	-	-	7909951	1.75
		03.02.2017	-137381	-	-	7772570	1.72
		10.02.2017	-47124	-	-	7725446	1.71
		03.03.2017	-17220	-	-	7708226	1.71
		10.03.2017	-116587	-	-	7591639	1.68
		31.03.2017	-71758	-	-	7519881	1.67
		<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7519881</b>	<b>1.67</b>

Sl. No.	Name of the Shareholder	Date	Increase/decrease and reason* for the same	No. of Shares held at the beginning of the year as on 01.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.	ICICI Prudential Mutual Funds	At the beginning of the year	-	4237252	0.94	-	-
		08.04.2016	-51831	-	-	4185421	0.93
		15.04.2016	-639947	-	-	3545474	0.79
		22.04.2016	-596272	-	-	2949202	0.65
		29.04.2016	6423	-	-	2955625	0.65
		06.05.2016	-27004	-	-	2928621	0.65
		13.05.2016	-1937	-	-	2926684	0.65
		20.05.2016	-49644	-	-	2877040	0.64
		27.05.2016	97074	-	-	2974114	0.66
		03.06.2016	59	-	-	2974173	0.66
		10.06.2016	64	-	-	2974237	0.66
		17.06.2016	6146	-	-	2980383	0.66
		24.06.2016	541051	-	-	3521434	0.78
		30.06.2016	138439	-	-	3659873	0.81
		08.07.2016	39	-	-	3659912	0.81
		15.07.2016	-44202	-	-	3615710	0.80
		22.07.2016	-376433	-	-	3239277	0.72
		29.07.2016	-346846	-	-	2892431	0.64
		05.08.2016	-139500	-	-	2752931	0.61
		12.08.2016	-170985	-	-	2581946	0.57
		19.08.2016	198	-	-	2582144	0.57
		26.08.2016	924	-	-	2583068	0.57
		02.09.2016	101757	-	-	2684825	0.60
		09.09.2016	-480	-	-	2684345	0.60
		16.09.2016	-1277	-	-	2683068	0.59
		23.09.2016	262	-	-	2683330	0.59
		30.09.2016	23461	-	-	2706791	0.60
		07.10.2016	1925	-	-	2708716	0.60
		14.10.2016	1280	-	-	2709996	0.60
		21.10.2016	453435	-	-	3163431	0.70
		28.10.2016	-12371	-	-	3151060	0.70
		04.11.2016	9029	-	-	3160089	0.70
		11.11.2016	133380	-	-	3293469	0.73
		18.11.2016	260405	-	-	3553874	0.79
		25.11.2016	653012	-	-	4206886	0.93

Sl. No.	Name of the Shareholder	Date	Increase/decrease and reason* for the same	No. of Shares held at the beginning of the year as on 01.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		02.12.2016	536496	-	-	4743382	1.05
		09.12.2016	-26959	-	-	4716423	1.04
		16.12.2016	396	-	-	4716819	1.04
		23.12.2016	75484	-	-	4792303	1.06
		31.12.2016	1728	-	-	4794031	1.06
		06.01.2017	-53	-	-	4793978	1.06
		13.01.2017	65845	-	-	4859823	1.08
		20.01.2017	65735	-	-	4925558	1.09
		27.01.2017	111730	-	-	5037288	1.12
		03.02.2017	91970	-	-	5129258	1.14
		10.02.2017	-508137	-	-	4621121	1.02
		17.02.2017	2235	-	-	4623356	1.02
		24.02.2017	136687	-	-	4760043	1.05
		03.03.2017	69252	-	-	4829295	1.07
		10.03.2017	243240	-	-	5072535	1.12
		17.03.2017	62305	-	-	5134840	1.14
		24.03.2017	-450	-	-	5134390	1.14
		31.03.2017	-1560	-	-	5132830	1.14
		<b>At the end of the year</b>	-	-	-	<b>5132830</b>	<b>1.14</b>
<b>5.</b>	<b>Abu Dhabi Investment Authority</b>	<b>At the beginning of the year</b>	-	<b>5816513</b>	<b>1.29</b>	-	-
		08.04.2016	28400	-	-	5844913	1.30
		22.04.2016	132304	-	-	5977217	1.33
		29.04.2016	-268654	-	-	5708563	1.27
		13.05.2016	2468	-	-	5711031	1.27
		20.05.2016	-177400	-	-	5533631	1.23
		27.05.2016	-3230	-	-	5530401	1.23
		03.06.2016	-69283	-	-	5461118	1.21
		10.06.2016	-355570	-	-	5105548	1.13
		08.07.2016	60937	-	-	5166485	1.15
		19.08.2016	760000	-	-	5926485	1.31
		26.08.2016	-102301	-	-	5824184	1.29
		02.09.2016	-121596	-	-	5702588	1.26
		11.11.2016	-352905	-	-	5349683	1.19
		18.11.2016	-178500	-	-	5171183	1.15
		25.11.2016	-279722	-	-	4891461	1.08

Sl. No.	Name of the Shareholder	Date	Increase/decrease and reason* for the same	No. of Shares held at the beginning of the year as on 01.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		02.12.2016	120993	-	-	4770468	1.06
		16.12.2016	-330088	-	-	4440380	0.98
		17.02.2017	78454	-	-	4518834	1.00
		24.02.2017	-5475	-	-	4513359	1.00
		03.03.2017	206910	-	-	4720269	1.05
		10.03.2017	4983	-	-	4725252	1.05
		17.03.2017	10162	-	-	4735414	1.05
		<b>At the end of the year</b>	-	-	-	<b>4735414</b>	<b>1.05</b>
<b>6.</b>	<b>The Genesis Emerging Markets Investment Co.</b>	<b>At the beginning of the year</b>	-	<b>4593303</b>	<b>1.02</b>	-	-
		06.05.2016	-30191	-	-	4563112	1.01
		27.05.2016	-17913	-	-	4545199	1.01
		03.06.2016	165902	-	-	4711101	1.05
		30.06.2016	-108122	-	-	4602979	1.02
		15.07.2016	-75866	-	-	4527113	1.00
		29.07.2016	313295	-	-	4840408	1.07
		30.09.2016	-84912	-	-	4755496	1.05
		04.11.2016	-191666	-	-	4563830	1.01
		09.12.2016	-78736	-	-	4485094	0.99
		31.12.2016	-40818	-	-	4444276	0.98
		13.01.2017	-69632	-	-	4374644	0.97
		03.03.2017	-67217	-	-	4307427	0.95
		<b>At the end of the year</b>	-	-	-	<b>4307427</b>	<b>0.95</b>
<b>7.</b>	<b>Fidelity Investment Trust Fidelity Series Emerging Markets Fund</b>	<b>At the beginning of the year</b>	-	<b>3891432</b>	<b>0.86</b>	-	-
		08.04.2016	60082	-	-	3951514	0.88
		15.04.2016	41284	-	-	3992798	0.89
		22.04.2016	37327	-	-	4030125	0.89
		29.04.2016	45707	-	-	4075832	0.90
		06.05.2016	39851	-	-	4115683	0.91
		20.05.2016	390	-	-	4116073	0.91
		27.05.2016	66589	-	-	4182662	0.93
		09.12.2016	179695	-	-	4362357	0.97
		03.03.2017	-7528	-	-	4354829	0.96
		24.03.2017	-26754	-	-	4328075	0.96

Sl. No.	Name of the Shareholder	Date	Increase/decrease and reason* for the same	No. of Shares held at the beginning of the year as on 01.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		31.03.2017	-62376	-	-	4265699	0.94
		<b>At the end of the year</b>	-	-	-	<b>4265699</b>	<b>0.94</b>
<b>8.</b>	<b>The Genesis Group Trust For Employee Benefit</b>	<b>At the beginning of the year</b>	-	<b>4382803</b>	<b>0.97</b>	-	-
		08.04.2016	-179120	-	-	4203683	0.93
		06.05.2016	-20510	-	-	4183173	0.93
		03.06.2016	152222	-	-	4335395	0.96
		29.07.2016	275144	-	-	4610539	1.02
		30.09.2016	-113231	-	-	4497308	1.00
		02.12.2016	-39722	-	-	4457586	0.99
		31.12.2016	-32756	-	-	4424830	0.98
		03.02.2017	-80881	-	-	4343949	0.96
		03.03.2017	-101623	-	-	4242326	0.94
		31.03.2017	-119986	-	-	4122340	0.91
		<b>At the end of the year</b>	-	-	-	<b>4122340</b>	<b>0.91</b>
<b>9.</b>	<b>Vanguard Emerging Markets Stock Index Fund</b>	<b>At the beginning of the year</b>	-	<b>3392122</b>	<b>0.75</b>	-	-
		08.04.2016	12376	-	-	3404498	0.76
		22.04.2016	891	-	-	3405389	0.76
		29.04.2016	-14619	-	-	3390770	0.75
		06.05.2016	-9348	-	-	3381422	0.75
		20.05.2016	-6608	-	-	3374814	0.75
		27.05.2016	-13244	-	-	3361570	0.75
		03.06.2016	-19147	-	-	3342423	0.74
		10.06.2016	8890	-	-	3351313	0.74
		17.06.2016	-17580	-	-	3333733	0.74
		24.06.2016	-15010	-	-	3318723	0.74
		22.07.2016	7830	-	-	3326553	0.74
		29.07.2016	23460	-	-	3350013	0.74
		05.08.2016	18662	-	-	3368675	0.75
		12.08.2016	19620	-	-	3388295	0.75
		19.08.2016	27904	-	-	3416199	0.76
		09.09.2016	12720	-	-	3428919	0.76
		23.09.2016	-68816	-	-	3360103	0.74
		07.10.2016	13568	-	-	3373671	0.75



Sl. No.	Name of the Shareholder	Date	Increase/decrease and reason* for the same	No. of Shares held at the beginning of the year as on 01.04.2016		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		14.10.2016	9328	-	-	3382999	0.75
		21.10.2016	31800	-	-	3414799	0.76
		28.10.2016	12720	-	-	3427519	0.76
		11.11.2016	27560	-	-	3455079	0.77
		25.11.2016	33496	-	-	3488575	0.77
		02.12.2016	19080	-	-	3507655	0.78
		06.01.2017	9816	-	-	3517471	0.78
		13.01.2017	20859	-	-	3538330	0.78
		20.01.2017	9816	-	-	3548146	0.79
		03.02.2017	29448	-	-	3577594	0.79
		17.02.2017	8180	-	-	3585774	0.79
		24.03.2017	18000	-	-	3603774	0.80
		31.03.2017	17600	-	-	3621374	0.80
		<b>At the end of the year</b>	-	-	-	<b>3621374</b>	<b>0.80</b>
<b>10.</b>	<b>Franklin Templeton Investment Funds</b>	<b>At the beginning of the year</b>	-	<b>0</b>	<b>0.00</b>	-	-
		21.10.2016	494400	-	-	494400	0.11
		11.11.2016	226200	-	-	720600	0.16
		18.11.2016	919400	-	-	1640000	0.36
		24.02.2017	1800000	-	-	3440000	0.76
		24.03.2017	120000	-	-	3560000	0.79
		<b>At the end of the year</b>	-	-	-	<b>3560000</b>	<b>0.79</b>

\* Transfer of shares i.e. Purchase and Sale of Shares were the reasons for Increase/Decrease.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Director / Key Managerial Personnel			No. of Shares held at the beginning of the year i.e. as on 01.04.2016		Cumulative Shareholding during the year	
		Date	Increase/decrease and reason* for the same	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Dr. D. B. Gupta	At the beginning of the year	-	2507910	0.56	-	-
		13.07.2016	Inter-se Transfer (-) 400000	-	-	2107910	0.47
		12.08.2016	Inter-se Transfer (-) 150000	-	-	1957910	0.43
		At the end of the year	-	-	-	1957910	0.43
2.	Dr. Kamal K. Sharma	At the beginning of the year	-	252400	0.06	-	-
		30.08.2016	Market Sale (-) 10000	-	-	242400	0.05
		10.10.2016	Market Sale (-) 5000	-	-	237400	0.05
		24.10.2016	Market Sale (-) 5000	-	-	232400	0.05
		At the end of the year	-	-	-	232400	0.05
3.	Ms. Vinita Gupta	At the beginning of the year	-	51600	0.01	-	-
		At the end of the year	-	-	-	51600	0.01
4.	Mr. Nilesh Gupta	At the beginning of the year	-	625240	0.14	-	-
		At the end of the year	-	-	-	625240	0.14
5.	Mrs. M. D. Gupta	At the beginning of the year	-	3491820	0.77	-	-
		At the end of the year	-	-	-	3491820	0.77

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

Sl. No.	Name of the Director / Key Managerial Personnel			No. of Shares held at the beginning of the year i.e. as on 01.04.2016		Cumulative Shareholding during the year	
		Date	Increase/decrease and reason* for the same	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6.	Mr. Ramesh Swaminathan	At the beginning of the year	-	8197	0.00	-	-
		26.08.2016	Market Sale (-) 2000	-	-	6197	0.00
		At the end of the year	-	-	-	6197	0.00
7.	Dr. Vijay Kelkar	At the beginning of the year	-	-	-	-	-
		At the end of the year	-	-	-	-	-
8.	Mr. R.A. Shah	At the beginning of the year	-	32000	0.01	-	-
		At the end of the year	-	-	-	32000	0.01
9.	Mr. Richard Zahn	At the beginning of the year	-	-	-	-	-
		At the end of the year	-	-	-	-	-
10.	Dr. K. U. Mada	At the beginning of the year	-	3900	0.00	-	-
		08.04.2016	Market Purchase (+)25	-	-	3925	0.00
		11.04.2016	Market Purchase (+)50	-	-	3975	0.00
		13.04.2016	Market Purchase (+)25	-	-	4000	0.00
		At the end of the year	-	-	-	4000	0.00

Sl. No.	Name of the Director / Key Managerial Personnel			No. of Shares held at the beginning of the year i.e. as on 01.04.2016		Cumulative Shareholding during the year	
		Date	Increase/decrease and reason* for the same	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
11.	Mr. Dileep C. Choksi	At the beginning of the year	-	-	-	-	-
		At the end of the year	-	-	-	-	-
12.	Mr. Jean-Luc-Belingard	At the beginning of the year	-	-	-	-	-
		At the end of the year	-	-	-	-	-
13.	Mr. R. V. Satam	At the beginning of the year	-	283	0.00	-	-
		22.11.2016	Allotment under ESOP: (+) 225	-	-	508	0.00
		23.02.2017	Allotment under ESOP: (+) 175	-	-	683	0.00
		At the end of the year	-	-	-	683	0.00

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Standalone):

(₹ in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2205.7	1713.2	-	3918.9
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1.2	-	1.2
<b>Total (i + ii + iii)</b>	<b>2205.7</b>	<b>1714.4</b>	<b>-</b>	<b>3920.1</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition, Net	-	3251.5	-	3251.5
• Reduction, Net	(1235.7)	-	-	(1235.7)
<b>Net Change</b>	<b>(1235.7)</b>	<b>3251.5</b>	<b>-</b>	<b>2015.8</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	970.0	4964.9	-	5934.9
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1.0	-	1.0
<b>Total (i + ii + iii)</b>	<b>970.0</b>	<b>4965.9</b>	<b>-</b>	<b>5935.9</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in million)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
		Dr. Desh Bandhu Gupta	Dr. Kamal K. Sharma	Mr. Nilesh Gupta	Mrs. M. D. Gupta	Mr. Ramesh Swaminathan	
1)	Gross Salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	36.66	107.29	61.44	4.57	32.75	<b>242.71</b>
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961.	11.35	3.18	0.81	0.53	2.08	<b>17.95</b>
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.	-	-	-	-	-	-
2)	Stock Options	-	46.20	-	-	9.46	<b>55.66</b>
3)	Sweat Equity	-	-	-	-	-	-
4)	Commission	428.60	-	-	-	-	<b>428.60</b>
	- as % of profit	1%	-	-	-	-	-
	- others	-	-	-	-	-	-
5)	Others - Performance linked Incentive	-	33.73	19.53	-	8.92	<b>62.18</b>
	<b>Total (A)</b>	<b>476.61</b>	<b>190.40</b>	<b>81.78</b>	<b>5.10</b>	<b>53.21</b>	<b>807.10</b>
	Ceiling as per the Act	₹ 4285.7 million (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).					

**B. Remuneration to other directors:**

(₹ in million)

Sl. No.	Particulars of Remuneration	Name of the Independent Directors						Total Amount
		Dr. Vijay Kelkar	Mr. R. A. Shah	Mr. Richard Zahn	Dr. K. U. Mada	Mr. Dileep C. Choksi	Mr. Jean-Luc Belingard	
1)	<b>Independent Directors</b>							
	• Fee for attending Board/ Committee Meetings	0.12	0.18	0.14	0.36	0.22	0.14	<b>1.16</b>
	• Commission	3.50	3.50	6.49	3.00	3.00	6.49	<b>25.98</b>
	• Others	-	-	-	-	-	-	-
	<b>Total (B)(1)</b>	<b>3.62</b>	<b>3.68</b>	<b>6.63</b>	<b>3.36</b>	<b>3.22</b>	<b>6.63</b>	<b>27.14</b>
2)	<b>Other Non-Executive Directors</b>							
	• Fee for attending Board/ Committee Meetings	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-
	<b>Total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (B)(1) + (B)(2)</b>	<b>3.62</b>	<b>3.68</b>	<b>6.63</b>	<b>3.36</b>	<b>3.22</b>	<b>6.63</b>	<b>27.14</b>
	Overall Ceiling as per the Act	₹ 428.6 million (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).						
	<b>Total Managerial Remuneration (A)+ (B)</b>	₹ 834.24 million						



**C. Remuneration to key Managerial Personnel other than MD/ Manager/ WTD**

(₹ in million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		<b>Mr. R. V. Satam, Company Secretary</b>
<b>1)</b>	<b>Gross Salary</b>	
	(a) Salary as per provisions of Section 17(1) of the Income Tax Act, 1961.	4.35
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961.	0.91
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961.	-
<b>2)</b>	<b>Stock Options</b>	0.59
<b>3)</b>	<b>Sweat Equity</b>	-
<b>4)</b>	<b>Commission</b>	
	- as % of profit	-
	- others, specify	-
<b>5)</b>	<b>Others (Performance-linked Incentive)</b>	1.14
	<b>Total (C)</b>	<b>6.99</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Details of Penalty/ Punishment/ Compounding fees imposed	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board of Directors

**Dr. Desh Bandhu Gupta**  
Chairman  
(DIN: 00209378)

Mumbai, May 24, 2017

# CORPORATE GOVERNANCE REPORT

## [1] Company's Philosophy on Corporate Governance:

Corporate Governance has been integral part of your Company's way of doing business. Good governance practices are embedded in the culture of your Company. The Company firmly believes that Corporate Governance is a pre-requisite for attaining sustainable growth globally. In this pursuit, the Company continues to strengthen its corporate governance practices with a view to maximize long-term value to its stakeholders on a sustainable basis. At the heart of Company's corporate governance philosophy is the ideology of transparency, accountability, professionalism, integrity and fairness. The Company strongly believes that good corporate governance does not mean drafting the Code of Corporate Governance and affirming compliance, but practising it in true spirit. The Company continues to be committed to pursue the highest standards of corporate governance.

The Company was conferred the coveted '**Golden Peacock Award for Excellence in Corporate Governance**' by the Institute of Directors, which validates the 'Best-in-class' Corporate Governance practices followed by the Company and reflects on the transparent dealings with all its stakeholders.

The Company has laid a strong foundation for Corporate Governance. The Board has a balanced mix of executive and independent directors with two women directors having rich experience and expertise. Board Members are well-known experts in diverse fields with great integrity. Codes of Conduct for Directors, Independent Directors and Senior Management are hosted on the website of the Company [www.lupin.com](http://www.lupin.com). Pursuant to Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), all Directors and Senior Management personnel have affirmed compliance with their respective Codes for the year ended March 31, 2017.

In addition to complying with all mandatory requirements prescribed under Regulation 27(1) of the Listing Regulations, the Company has also complied with a few non-mandatory requirements, such as unmodified audit opinion on financial statements and appointment of separate persons as Chairman, Vice-Chairman, Managing Director and Chief Executive Officer. The Company is committed to uphold the highest standards of integrity and ethical standards in the conduct of business and dealing with people within and outside the organization. The Company promotes a culture of transparency, openness and impartiality, where each employee is empowered and equipped to act in the best interests of fellow workers, associates and the organization. With a view to follow its commitment in letter, spirit and action, the Company instituted **P.L.E.D.G.E.** (Preparing Lupin Employees to Demonstrate Governance and Ethical Conduct), its Corporate Governance and Ethics Framework. **P.L.E.D.G.E.** initiative enforces a common code of ethics, empowers employees to report unethical practices, ensures swift redressal and institutes specific mechanisms to deal with workplace harassment. It constitutes three important policies viz. Code of Conduct, Whistleblower Policy and Prevention of Workplace Harassment (including 'The Sexual Harassment at The Workplace' (Prevention, Prohibition and Redressal) Act and Rules, 2013). Rules and procedures have been laid out under which employees could report issues of unethical behavior, discriminative or gender-biased misconduct, fraudulent business practices or violation of the Company's Code of Conduct. Employees can do so in absolute anonymity or by disclosing their identity, if they so desire, without any fear of victimization or reprisals or adverse actions. During the year, the Company did not receive any complaint of sexual harassment. The Office of the Ombudsperson did not receive any major complaints. The 14 minor complaints received were examined by the Investigating Committees/ Officers, appointed by the Ombudsperson. All complaints were responded to within the stipulated time frame and necessary actions taken against those found guilty.

Sound systems of internal checks, balances and controls are in place and were evaluated and updated at regular intervals. An information security initiative 'Kavach' is in place to create awareness and address several Information security concerns. It broadly encompasses assets protection, evaluating information security risks and ensuring continuous compliance on a sustainable basis. The Company has secured ISO/IEC 27001:2013 certificate for 'Kavach' for some of its locations at Head Office and Research Park at Pune. An initiative to extend 'Kavach' was embarked upon and successfully completed for the rest of the locations at Head Office, Biotech Centre at Pune and Plants at Mandideep and Pithampur. These Certification and Surveillance audits were conducted by the British Standards Institute.

The Company is in compliance with Chapter IV of the Listing Regulations on Corporate Governance.

A detailed Management Discussion and Analysis report forms part of this Annual Report.

**[2] Board of Directors:**

On March 31, 2017, the strength of the Board was twelve, comprising four executive promoter-directors, two professional executive directors and six independent directors. The composition and the size of the Board are well-balanced to ensure the exercise of independent judgement and in compliance with Regulation 17 of the Listing Regulations as also provisions of Section 149 of the Companies Act, 2013 ('Act') and Rules made thereunder. Though Regulation 17 of the Listing Regulations prescribes that the Board shall have at least one woman director, the Company has two women directors. The requisite particulars are given below: -

Sl. No.	Name of the director	Whether Promoter/ Executive/ Independent	No. of Board Meetings during the year		Attendance at the last AGM	Number of directorships of other companies	Member/ Chairman of committees other than the Company
			Held	Attended			
1.	Dr. Desh Bandhu Gupta, <i>Chairman</i>	P. & E.D.	6	5	Yes	11	-
2.	Dr. Kamal K. Sharma, <i>Vice Chairman</i>	E.D.	6	6	Yes	5	-
3.	Ms. Vinita Gupta, <i>Chief Executive Officer</i>	P. & E.D.	6	6	Yes	7	-
4.	Mr. Nilesh Gupta, <i>Managing Director</i>	P. & E.D.	6	6	Yes	15	-
5.	Mrs. M. D. Gupta, <i>Executive Director</i>	P. & E.D.	6	3	Yes	10	-
6.	Mr. Ramesh Swaminathan, <i>Chief Financial Officer &amp; Executive Director</i>	E.D.	6	6	Yes	4	-
7.	Dr. Vijay Kelkar	I. N-E.D.	6	2	Yes	9	6/2
8.	Mr. R. A. Shah	I. N-E.D.	6	6	Yes	11	8/4
9.	Mr. Richard Zahn	I. N-E.D.	6	5	Yes	1	-
10.	Dr. K. U. Mada	I. N-E.D.	6	6	Yes	1	1/-
11.	Mr. Dileep C. Choksi	I. N-E.D.	6	5	Yes	10	7/4
12.	Mr. Jean-Luc Belingard	I. N-E.D.	6	6	Yes	5	-

**Notes:**

- P. & E.D.: Promoter & Executive Director; E.D.: Executive Director; I. N-E.D.: Independent Non-Executive Director.
- Mrs. M. D. Gupta is wife of Dr. Desh Bandhu Gupta, Ms. Vinita Gupta their daughter and Mr. Nilesh Gupta their son.
- No Director holds directorships in more than ten public companies. No Independent Director is Member of more than ten committees or Chairman of more than five committees across all public companies in which they are directors.
- Membership/Chairmanship of Committees includes only those of the Audit Committee and the Stakeholders Relationship Committee.

**Board Meetings**

The Board of Directors and its Committees play a fundamental role in overseeing the management performance with a view to uphold and nurture the best practices of Corporate Governance. The Board operates within the framework of responsibility matrix that enables it to discharge its duties of safeguarding the interests of the Company. The Board of Directors are entrusted with the responsibility of management, providing leadership and guidance and strategic direction as also monitor the effectiveness of management policies in order to achieve set goals. Board Meetings are held at the Corporate Office, the dates of which, are finalised after ascertaining the convenience of all directors. In compliance with the Secretarial Standards, agenda papers backed by comprehensive notes together with detailed background information are circulated at least seven days in advance so that the Board takes informed decisions and discharges its functions. The Secretarial Department informs the functional heads well in advance of the Board meeting dates which facilitates placing before the Board, comprehensive notes on matters requiring Board approval. While the Board is regularly apprised about important business developments, detailed presentations on important matters are made at its meetings by Business Heads. Board Members could express their opinions and bring up matters for discussions at meetings. In compliance with the Secretarial Standards, minutes of the Board meetings are circulated to all the Directors within 30 days of the meeting and are confirmed at the subsequent meeting. Copies of signed minutes of various Committees of the Board, minutes of board meetings of subsidiaries and compliance reports of applicable laws are regularly tabled at Board meetings. Directors inform the Company about their Board/ Committee positions and their shareholding in other Companies and notify changes. The Act allows participation of Directors at meetings of the Board/Committee through video conferencing or other audio visual means. The Company facilitates video conferencing in case any Director wishes to attend the meetings through such arrangement.

## Details of Board Meetings

Section 173(1) of the Act and Regulation 17(2) of the Listing Regulations provide that Board meetings shall be held at least four times in a year and the time-gap between two consecutive meetings shall not be more than 120 days. During the year, six Board meetings were held, viz. on May 18, 2016, May 19, 2016, August 1, 2016, August 9, 2016, November 9, 2016 and February 9, 2017 and that the time-gap between two consecutive meetings was not more than 120 days. The Board passed two resolutions by circulation, vide Circulars dated September 23, 2016 and March 17, 2017.

## Brief profiles, other directorships and committee memberships etc. of directors seeking appointment/re-appointment at the 35th Annual General Meeting.

### Dr. Kamal K. Sharma

Dr. Kamal K. Sharma is a chemical engineer from the Indian Institute of Technology (IIT), Kanpur with a post-graduate diploma in industrial management from the Jamnalal Bajaj Institute of Management Studies, Mumbai and a Ph.D. in Economics from IIT, Mumbai. He has also completed an advanced management programme from Harvard Business School, Boston. Dr. Sharma has vast industry experience spanning over four decades and has held a range of senior management positions in the fields of projects, operations, corporate development and general management in pharma and chemical industries. Dr. Sharma has effectively led the team and as Vice Chairman, is involved in setting vision of the Company, building strategy and mentoring the management team.

List of other directorships	Chairman/Member of the Committees of the Board of the companies on which he is a director
Kyowa Pharmaceutical Industry Co., Ltd., Japan, Director Lupin GmbH, Switzerland, Director Lupin Healthcare Limited, Director Faisa Financial Private Limited, Director Templetree Properties Private Limited, Director	-

### [3] Audit Committee:

The Audit Committee comprises Dr. K. U. Mada, Chairman and Mr. Dileep C. Choksi, independent directors and Dr. Kamal K. Sharma. Mr. R. V. Satam, Company Secretary, acts as the Secretary of the Committee. Dr. Mada is an economist-turned-development banker with long experience of handling company managements and well-versed in development finance, company affairs and industrial economics. Mr. Choksi is an eminent Chartered Accountant with vast experience in consulting and advising large and multinational companies on taxation, management and complex issues. Dr. Sharma is the Vice-Chairman of the Company. All Members of the Committee are financially literate and have sound knowledge of internal controls as also accounting practices. The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Act and Regulation 18(1) of the Listing Regulations. Dr. Mada attended the Annual General Meeting of the Company held on August 3, 2016. The Internal Auditor makes presentations on audit findings at the meetings of the Audit Committee. The Audit Committee acts as a link between the statutory, internal and cost auditors and the Board of Directors. The Audit Committee is entrusted with the responsibility of supervising internal financial controls and financial reporting process, adequacy of provisions for liabilities, appropriateness of audit test checks and reviewing the governance systems. The Chief Financial Officer & Executive Director, President - Finance, Head of Accounts and Head of Internal Audit, attend the meetings of the Audit Committee. The Cost Auditor is invited to attend the Audit Committee meeting at which, the Cost Audit Report is tabled. The Committee lays emphasis on adequate and timely disclosures as also compliance with relevant statutes.

The Committee performs functions enumerated in Section 177 of the Act and Regulation 18(3) of the Listing Regulations. The matters deliberated upon and reviewed by the Committee inter alia include: -

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, remuneration and terms of appointment of auditors.
- 3) Approving payments to Statutory Auditors for any other additional services rendered by them except those enumerated under Section 144 of the Act.

- 4) Examining and reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to: -
  - a) matters required to be included in the Directors' Responsibility Statement included in the Board's Report in terms of Section 134(3)(c) of the Act;
  - b) changes, if any, in accounting policies and practices and reasons therefor;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings, if any;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of related party transactions; and
  - g) modified opinion(s) in the draft audit report, if any.
- 5) Examining and reviewing with the management, the quarterly unaudited financial results together with the Limited Review Report of the Auditors before submission to the Board for approval.
- 6) Reviewing and monitoring the auditors' independence, performance and effectiveness of audit process.
- 7) Approving or any subsequent modification of transactions of the Company with related parties.
- 8) Scrutinising inter-corporate loans and investments.
- 9) Evaluating internal financial controls and risk management systems.
- 10) Reviewing with the management, the performance of statutory and internal auditors and adequacy of the internal control systems.
- 11) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, its staffing and seniority of the official heading the department, reporting structure, coverage and frequency of audits.
- 12) Discussion with the internal auditors on significant findings and follow-up thereon.
- 13) Reviewing the findings of internal auditors and reporting them to the Board.
- 14) Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain areas of concern, if any.
- 15) Reviewing the functioning of Whistle Blower mechanism.
- 16) Recommending to the Board, the appointment and remuneration of Cost Auditor to conduct audit of cost records in compliance with the provisions of the Act and Rules made thereunder.
- 17) Reviewing the financial statements of subsidiary companies as also the consolidated financial statements, including investments made by the subsidiary companies.
- 18) Review and discuss with the management the status and implications of major legal cases.
- 19) Carrying out such other functions as may be mentioned in the terms of reference of the Audit Committee.

In addition to the above, the Committee reviews the management discussion and analysis, statement of related party transactions, including granting omnibus approvals, management letters/internal audit reports relating to observations on internal controls, etc.

#### Details of Audit Committee Meetings

Regulation 18(2)(a) of the Listing Regulations prescribes that Audit Committee meetings shall be held at least four times in a year and the time-gap between two meetings shall not be more than 120 days. During the year, five Audit Committee meetings were held on May 18, 2016, August 9, 2016, September 23, 2016, November 8, 2016 and February 8, 2017 and that the time-gap between two consecutive meetings was not more than 120 days. Attendance at the said meetings, was as under: -

Sl. No.	Name of the director	No. of Meetings	
		Held	Attended
a.	Dr. K. U. Mada, <i>Chairman</i>	5	5
b.	Dr. Kamal K. Sharma	5	4
c.	Mr. Dileep C. Choksi	5	5

#### [4] Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee looks into redressal of investors' grievances and other aspects of services to the investors. The Committee regularly reviews the functioning of the Investors' Services Department (ISD) covering all facets of operations, including transfer of shares in physical mode, dividend disbursement, activities related to the Investor Education & Protection Fund, management of employee stock options plans and depository operations etc. Compliance standards and services delivery mechanism implemented by the ISD are evaluated by the SRC.

The Stakeholders' Relationship Committee comprises Dr. Vijay Kelkar, Chairman and Dr. K. U. Mada, independent directors. Mr. R. V. Satam, Company Secretary, acts as the Secretary of the Committee. Meetings of the Committee are attended by the President - Finance and Head - ISD.

During the year, the Company received and resolved 80 shareholder complaints relating to transfer of shares, non-receipt of annual report, non-receipt of dividends, etc. As on March 31, 2017, no complaint remained pending/unattended and no share transfer remained pending for over 15 days, during the year.

##### Details of Stakeholders' Relationship Committee Meetings

During the year, two meetings of the Stakeholders' Relationship Committee were held on November 14, 2016 and March 30, 2017, whereat the attendance was as under: -

Sl. No.	Name of the director	No. of Meetings	
		Held	Attended
a.	Dr. Vijay Kelkar, <i>Chairman</i>	2	2
b.	Dr. K. U. Mada	2	2

#### [5] Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises Dr. K. U. Mada, Chairman, Mr. R. A. Shah and Mr. Richard Zahn, all independent directors. Mr. R. V. Satam, Company Secretary, acts as the Secretary of the Committee. The composition of the Committee is in compliance with the provisions of Section 178(1) of the Act and Regulation 19(1) of the Listing Regulations. The Committee is in compliance with Regulation 19(2) of the Listing Regulations which stipulates that an Independent Director shall be Chairman of the Committee. Dr. Mada attended the Annual General Meeting of the Members held on August 3, 2016.

##### Role of the Nomination and Remuneration Committee:

Pursuant to the provisions of Section 178 of the Act and Regulation 19(4) read with Part D of Schedule II of the Listing Regulations, the role of the Nomination and Remuneration Committee is as follows: -

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors, a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- (3) devising a policy on diversity of the Board of Directors;
- (4) 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 of Directors their appointment and removal;
- (5) 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; and
- (6) administration of the Employees Stock Option Plans.

**Remuneration of Executive Directors:**

The Nomination and Remuneration Committee reviews as also recommends to the Board, remuneration of Executive Directors subject to approval by the Members and such other approvals as may be necessary. The Committee recommends remuneration after considering factors, such as qualifications, leadership qualities, experience, expertise, position, volume of the Company's business and profits earned by it, prevailing remuneration in the industry and responsibilities shouldered by the individual. The Committee ensures that the remuneration is reasonable and sufficient to attract, reward, retain and motivate talented and qualified managerial personnel. The Company follows a market-linked remuneration policy. The limits for payment of remuneration are as prescribed by Section 197, Schedule V of the Act and Rules made thereunder. Executive Directors are not paid sitting fees for attending meetings of the Board and its Committees.

**Details of Remuneration paid to Executive Directors are as under: -**

(₹ in million)

Name of the director	Salary	Perquisites	Stock Option	Commission	Others (Performance-Linked Incentive)	Total
Dr. Desh Bandhu Gupta, <i>Chairman</i>	36.66	11.35	-	428.60	-	<b>476.61</b>
Dr. Kamal K. Sharma, <i>Vice Chairman</i>	107.29	3.18	46.20	-	33.73	<b>190.40</b>
Ms. Vinita Gupta, <i>Chief Executive Officer</i>	123.88	-	-	-	49.85	<b>173.13</b>
Mr. Nilesh Gupta, <i>Managing Director</i>	61.44	0.81	-	-	19.53	<b>81.78</b>
Mrs. M. D. Gupta, <i>Executive Director</i>	4.57	0.53	-	-	-	<b>5.10</b>
Mr. Ramesh Swaminathan, <i>Chief Financial Officer &amp; Executive Director</i>	32.75	2.08	9.46	-	8.92	<b>53.21</b>

**Note:** Ms. Vinita Gupta, is an employee of Lupin GmbH, Switzerland, wholly-owned subsidiary of the Company.

**Remuneration of Non-Executive Directors:**

Non-Executive Directors receive sitting fees for attending Board and Committee meetings and the same are within limits prescribed by the Act and the Rules made thereunder. The Members had, under an Ordinary Resolution passed at the 33<sup>rd</sup> Annual General Meeting held on July 23, 2015, approved payment of commission to Non-Executive Directors, not exceeding in the aggregate 0.5% p.a. of the net profit of the Company, computed in the manner laid down under Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, for a period of five years commencing from April 1, 2015. The Board is authorised to decide upon the eligibility criteria and the quantum of commission payable to each Non-Executive Director. An amount of ₹ 25.98 million has been provided towards commission payable to Non-Executive Directors for the year ended March 31, 2017 which would be paid after the Members approve the audited accounts for the year at the ensuing Annual General Meeting.

**Details of Remuneration of Non-Executive Directors are as under: -**

Name of the director	No. of Equity Shares held as on March 31, 2017	Remuneration for 2016-17 (₹ in million)		
		Sitting Fees	Commission	Total
Dr. Vijay Kelkar, <i>Independent Director</i>	-	0.12	3.50	<b>3.62</b>
Mr. R. A. Shah, <i>Independent Director</i>	32,000	0.18	3.50	<b>3.68</b>
Mr. Richard Zahn, <i>Independent Director</i>	-	0.14	6.49	<b>6.63</b>
Dr. K. U. Mada, <i>Independent Director</i>	4,000	0.36	3.00	<b>3.36</b>
Mr. Dileep C. Choksi, <i>Independent Director</i>	-	0.22	3.00	<b>3.22</b>
Mr. Jean-Luc Belingard, <i>Independent Director</i>	-	0.14	6.49	<b>6.63</b>



### Details of the Nomination and Remuneration Committee Meetings

During the year, two meetings of the Nomination and Remuneration Committee were held on August 25, 2016 and November 16, 2016 and the attendance was as under: -

Sl. No.	Name of the director	No. of Meetings	
		Held	Attended
a.	Dr. K. U. Mada, <i>Chairman</i>	2	2
b.	Mr. R. A. Shah	2	2
c.	Mr. Richard Zahn	2	1

The Committee passed by circulation six resolutions dated April 1, 2016, May 9, 2016, June 9, 2016, November 23, 2016, January 3, 2017 and January 24, 2017.

### 6] Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee comprises Dr. Desh Bandhu Gupta, Chairman, Dr. Kamal K. Sharma, Mr. Nilesh Gupta and Dr. Vijay Kelkar. The composition of the Committee is in compliance with the provisions of Section 135(1) of the Act. Dr. Vijay Kelkar is an Independent Director while the other members of the Committee are Executive Directors. The terms of reference of the Committee broadly comprises:

- Monitoring the Corporate Social Responsibility Policy from time to time; and
- Approving the amount of expenditure incurred on Corporate Social Responsibility activities.

#### Details of the Corporate Social Responsibility Committee Meeting.

On April 19, 2016, a meeting of the Corporate Social Responsibility Committee was held, attendance at which was as under: -

Sl. No.	Name of the director	No. of Meetings	
		Held	Attended
a.	Dr. Desh Bandhu Gupta, <i>Chairman</i>	1	1
b.	Dr. Kamal K. Sharma	1	1
c.	Mr. Nilesh Gupta	1	1
d.	Dr. Vijay Kelkar	1	1

### [7] Risk Management Committee:

In compliance with Regulation 21 of the Listing Regulations, the Board constituted Risk Management Committee comprising Dr. Kamal K. Sharma, Vice Chairman, Ms. Vinita Gupta, Chief Executive Officer, Mr. Nilesh Gupta, Managing Director, Mr. Ramesh Swaminathan, Chief Financial Officer & Executive Director and Mr. Sunil Makharia, President - Finance. The Board has defined the role and responsibilities of the Risk Management Committee and delegated to it the monitoring and reviewing of the risk management plan. Risk evaluation and management is an ongoing process and the Committee has laid down a framework to inform the Board about risk assessment and minimization procedures by identifying and monitoring risks. The Risk Management framework includes defining roles and responsibilities, arriving at the risk rating criteria for assessing risk impact, the likelihood of risks and effectiveness of mitigation plans. The process includes identification of risks in various areas, arriving at 'risks that matter' and assessing mitigation plans and readiness for the 'risks that matter'.

### [8] Independent Directors Meeting:

As stipulated by the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) of the Listing Regulations, a meeting of the independent directors was convened on February 9, 2017. The meeting, which was attended by all the independent directors and chaired by Mr. R. A. Shah, was held without the presence of any non-independent director. The meeting noted that the Company had been following the guidelines contained in SEBI Circular No. SEBI/HO/CFD/CMD/CIR/ P/2017/004 dated January 5, 2017. The meeting reviewed the performance of non-independent directors, the Board as a whole and the Chairman of the Company after taking into account views of executive and non-executive directors. They also assessed the quality, quantity and timeliness of flow of information between the Management and the Board. The independent directors expressed satisfaction with overall functioning of the Board and its committees, robustness of evaluation process, openness of the Management while discussing agenda items and the free and candid manner in which the Board deliberates on various business matters. They appreciated the exemplary leadership role of the Chairman of the Board in upholding and practicing the best standards of Corporate Governance as also the significant roles played by the Executive Directors which phenomenally improved the financial position of the Company over the years. Suggestions made by the independent directors were effectively implemented.

**[9] Performance evaluation of Independent Directors:**

In compliance with Regulation 17(10) of the Listing Regulations, the Board carried out performance evaluation of Independent Directors without the participation of the director being evaluated. The performance evaluation was carried out based on parameters like contribution, knowledge, decision making ability, attendance at meetings, level of participation, responsibilities shouldered and inter-personal relationships. The Board observed that there were no conflicts of interest of the Independent Directors with the Company. The Board recognised that Independent Directors were a diversified group of recognised professionals with competence and integrity who exercised their own judgements and expressed their opinions freely. Independent Directors include an eminent Solicitor with high legal acumen and vast experience with large domestic and multinational companies; an internationally renowned Economist with vast experience in macro-economics, developmental and fiscal issues in Government and international institutions; a reputed Economist-turned-development banker with long experience of handling company managements and well-versed in development finance, company affairs and industrial economics; an eminent Chartered Accountant with vast experience in consulting and advising large and multinational companies on taxation, management and complex issues; an American and a French national with vast hands-on experiences at the highest levels in internationally-renowned pharmaceutical companies who ably bring bear upon their international perspectives into Board deliberations.

**[10] Familiarisation Programme for Independent Directors:**

In compliance with the provisions of Regulation 25(7) of the Listing Regulations, the Company, through various programmes, regularly familiarises its Independent Directors with a view to provide them in-depth insight of the pharma industry and the business model of the Company which enables them to effectively contribute in achieving set goals. At the time of joining the Board, formal letters of appointment are issued to Independent Directors making them aware of their roles, rights, duties and responsibilities. At Board and Committee meetings, the Executive Directors familiarise the Independent Directors with policies, procedures, functions, business strategies, risk assessment/minimization procedures and operations of the Company and its subsidiaries. Presentations are made at meetings of Directors on performance of strategic business units vis-à-vis the industry peers, analysis of financial performance of the Company, environment health and safety measures undertaken at different plant locations etc. Independent Directors have access to Company information and have full freedom to interact with the Senior Management personnel. Articles and write-ups about the Company published in leading newspapers and business magazines are circulated to Independent Directors. Independent Directors are intimated about material information disseminated to Stock Exchanges. In compliance with Regulation 46 of the Listing Regulations, the Familiarisation Programme formulated by the Company for Independent Directors has been hosted on the Company's website [www.lupin.com](http://www.lupin.com) (web link: [http://www.lupin.com/pdf/Familiarisation\\_Programme\\_for\\_Independent\\_Directors\\_LL.pdf](http://www.lupin.com/pdf/Familiarisation_Programme_for_Independent_Directors_LL.pdf)).

**[11] Details of the last three Annual General Meetings:**

Year	Day, Date and Time	Location	No. of Special Resolutions passed
2013- 14	Wednesday, July 30, 2014, at 2.30 p.m.	Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050	One Special Resolution was passed for creating charges on the Company's properties to secure financial assistance availed/to be availed by the Company.
2014 - 15	Wednesday, July 23, 2015, at 2.30 p.m.	Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050	Eight Special Resolutions as under, were passed for: <ul style="list-style-type: none"> <li>the re-appointments of Dr. Desh Bandhu Gupta, Executive Chairman and Mrs. M. D. Gupta, Executive Director, for a period of five years w.e.f. January 1, 2016;</li> <li>the re-appointments of Dr. Vijay Kelkar, Mr. R. A. Shah, Mr. Richard Zahn, Dr. K. U. Mada and Mr. Dileep C. Chokshi as Independent Directors for a period of five years from the conclusion of the 33rd Annual General Meeting till the conclusion of 38th Annual General Meeting; and</li> <li>Issue of Securities.</li> </ul>
2015 - 16	Wednesday, August 3, 2016, at 2.30 p.m.	Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050	-

No postal ballot was held during the year. No business was required to be transacted through postal ballot at the above meetings. Similarly, no business is required to be transacted through postal ballot at the forthcoming Annual General Meeting.

## **[12] Related party transactions and other disclosures:**

During the financial year, all related party transactions entered into by the Company were in the ordinary course of business and on an arm's length pricing basis. No related party transaction was in conflict with the interests of the Company. Statements of transactions with related parties in summary form are periodically placed before the Audit Committee. Pursuant to the provisions of Sections 177(4)(iv) and 188 of the Act and Regulation 23(3) of the Listing Regulations, the Audit Committee approves the said transactions. During the year, the Company did not have any material non-listed Indian subsidiary as defined in Regulation 24 of the Listing Regulations. The Company has framed a policy for determining material subsidiaries, which has been hosted on the Company's website (web link: [http://www.lupin.com/pdf/Policy\\_for\\_determining\\_material\\_subsidiaries.pdf](http://www.lupin.com/pdf/Policy_for_determining_material_subsidiaries.pdf)).

Pursuant to Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(3) of the Listing Regulations, the Audit Committee had granted requisite omnibus approval to transactions which were likely to be entered into by the Company with related parties during the financial year 2016-17. The Committee reviewed, on a quarterly basis, details of transactions entered into by the Company pursuant to each of the omnibus approval given.

Apart from sitting fees and commission, there is no pecuniary transaction with Independent directors which has potential conflict of interest with the Company. In compliance with Ind AS 24, details of related party transactions are disclosed in the notes that form part of the financial statements.

In compliance with the provisions of Section 189(1) of the Act and Rules made thereunder, particulars of transactions with related parties are entered in Form No. MBP - 4 'Register of Contracts with related party and contracts and Bodies etc.', which is placed at Board meetings and signed by directors present. The Company has formulated a policy on materiality of Related Party Transactions as also on dealing with Related Party Transactions. The policy, as approved by the Board, has been hosted on the Company's website [www.lupin.com](http://www.lupin.com) (web link: [http://www.lupin.com/pdf/POLICY-RELATED\\_PARTY\\_TRANSACTIONS.pdf](http://www.lupin.com/pdf/POLICY-RELATED_PARTY_TRANSACTIONS.pdf)). The Company entered into material related party transactions only with its subsidiaries.

## **[13] Means of communication:**

In compliance with the Listing Regulations, unaudited quarterly financial results are announced within 45 days from the end of the quarter and audited annual financial results within 60 days from the end of the financial year. Quarterly and annual financial results are electronically submitted on the online Portals - 'BSE Corporate Compliance & Listing Centre' (Listing Centre) and 'Electronic Application Processing System' (NEAPS) of BSE and NSE respectively, within 30 minutes of their approval by the Board. The Company communicates with its investors and stakeholders through varied channels of communication such as press releases, annual reports, hosting relevant information on its website and dissemination of information on online portal of BSE and NSE. Quarterly and annual consolidated financial results are published in the prescribed format in 'The Economic Times' (all editions) and Marathi translation thereof in 'The Maharashtra Times' (Mumbai edition) newspapers. Quarterly shareholding pattern and corporate governance reports are filed with the Listing Centre and NEAPS in XBRL mode. Press releases, schedule of analysts & investors meet and presentations made thereat are displayed on the Company's website after submitting to BSE and NSE. Unpublished price sensitive information is not discussed at presentations made at analysts and investors meets.

Information required to be disclosed under Regulation 30 read with Part A of Schedule III of the Listing Regulations, including material information having a bearing on the performance/operations of the Company or other price sensitive information are promptly disclosed by the Company to BSE and NSE. The policy for determining materiality of events for the purpose of making disclosures to the Stock Exchanges and such disclosures are also available on the Company's website. As a good corporate practice, black-out period is announced a week before the date of the Board meeting at which financial results are to be considered, during which, Directors and Senior Management personnel are advised not to communicate with investors/analysts as also the media. The Company has complied with requirements of BSE, NSE, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and that no penalties have been imposed nor strictures passed against the Company. Pursuant to Regulation 9 of the Listing Regulations, a policy on preservation of documents and archival policy has been hosted on the Company's website.

## **[14] General Members' information:**

### **INVESTORS' SERVICES DEPARTMENT (ISD)**

The ISD is committed and has dedicated itself for rendering best possible services to its esteemed shareholders. It has developed refined systems for providing entire gamut of services to shareholders—both in electronic and physical mode, besides expeditious redressal of investor grievances and timely compliances of regulatory provisions related to shares.

The ISD has established direct connectivity with both the depositories viz. the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for reliable and prompt depository operations.

The ISD deals with the various matters relating to transfer and transmission of shares in physical mode, redressal of investor grievances, implementation of Code of Conduct adopted pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, disbursement of dividend, implementation of stock options plans, execution of corporate actions and other depository operations, regulatory compliances pertaining to shares, liaisons with stock exchanges, depositories and other regulatory bodies, management of postal ballots, activities related to transfer and release of unclaimed shares, dissemination of share related information on the Company's website etc.

The ISD can be approached for any query or assistance through letter, telephone, fax, e-mail or in-person at Kalpataru Inspire, 3<sup>rd</sup> Floor, Off Western Express Highway, Santacruz (East), Mumbai - 400 055, India, Tel: +91 22 6640 2402/03 Fax: +91 22 6640 8131. E-mail: investorservices@lupin.com

**Exclusive e-mail id for communication of investors' grievances:**

Pursuant to Regulation 6(2)(d) of the Listing Regulations, the following email ID has been designated exclusively for communicating investors' grievances: investorservices@lupin.com

For the convenience of investors, a link at the Company's website [www.lupin.com](http://www.lupin.com) has also been provided to contact the ISD.

Person in-charge of the Department: Mr. Pradeep Bhagwat, General Manager - Investors' Services.

**ANNUAL GENERAL MEETING**

The 35<sup>th</sup> Annual General Meeting will be held at 2.30 p.m. on Wednesday, August 2, 2017, at Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050.

**FINANCIAL CALENDAR**

First quarter results	: July/August 2017
Second quarter results	: October/November 2017
Third quarter results	: January/February 2018
Annual results	: April/May 2018
Annual General Meeting	: July/August 2018

**BOOK CLOSURE**

The Register of Members and the Share Transfer Register will remain closed from Wednesday, July 26, 2017 to Wednesday, August 2, 2017, (both days inclusive).

Dividend for the year ended March 31, 2017, if declared, at the Annual General Meeting, shall be paid to:

- a) beneficial owners at the end of business day on Tuesday, July 25, 2017 as per lists furnished by NSDL and CDSL, in respect of shares held in electronic form; and
- b) persons whose names appear on the Register of Members as at the end of the business day on Tuesday, July 25, 2017, in respect of shares held in physical form.

**DIVIDEND PAYMENT DATE**

Dividend, if declared, shall be paid within four working days from the date of the Annual General Meeting. Dividend shall be remitted electronically i.e. through NECS/NEFT etc., wherever bank details of shareholders are available with the Company, and in other cases, through physical warrants, payable at par.

## SHARES LISTED AT

The equity shares of the Company are listed at: -

### **BSE Limited (BSE)**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai Samachar Marg,  
Mumbai - 400 001.

### **National Stock Exchange of India Limited (NSE)**

Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051.

Annual Listing fees for the year 2017 - 18 have been paid to the BSE and the NSE. The Company has also paid the Annual Custodial fees to both the depositories.

## STOCK CODES

The stock codes of the Company are: -

**BSE : 500257**

**NSE : LUPIN**

## INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

ISIN, an unique identification number allotted to dematerialised scrip has to be quoted in each transaction relating to dematerialised shares of the Company. The ISIN of the equity shares of the Company is **INE 326A 01037**.

## CORPORATE IDENTITY NUMBER (CIN)

The CIN of the Company is **L24100MH1983PLC029442**.

## MARKET PRICE DATA

Lupin scrip is a part of S&P BSE Sensex and Nifty 50. The market price data covering the year April 2016 to March 2017 is given below: -

MONTH	BSE				NSE			
	₹		₹		₹		₹	
	High	Date	Low	Date	High	Date	Low	Date
Apr-2016	1617.65	29.04.16	1434.40	04.04.16	1617.85	29.04.16	1435.00	04.04.16
May-2016	1688.00	19.05.16	1443.75	24.05.16	1689.00	19.05.16	1443.30	24.05.16
Jun-2016	1555.20	29.06.16	1394.00	07.06.16	1558.70	29.06.16	1395.00	07.06.16
Jul-2016	1750.00	29.07.16	1542.60	01.07.16	1750.00	29.07.16	1542.05	01.07.16
Aug-2016	1747.80	02.08.16	1472.00	29.08.16	1747.90	01.08.16	1470.70	29.08.16
Sep-2016	1590.00	09.09.16	1455.20	29.09.16	1588.40	08.09.16	1455.00	29.09.16
Oct-2016	1544.70	25.10.16	1444.00	17.10.16	1544.00	25.10.16	1442.10	17.10.16
Nov-2016	1563.10	09.11.16	1383.50	09.11.16	1565.00	09.11.16	1382.60	09.11.16
Dec-2016	1547.00	06.12.16	1399.00	26.12.16	1548.00	06.12.16	1397.30	26.12.16
Jan-2017	1527.10	25.01.17	1450.75	23.01.17	1529.80	25.01.17	1450.05	23.01.17
Feb-2017	1572.25	06.02.17	1425.00	16.02.17	1573.60	06.02.17	1424.70	16.02.17
Mar-2017	1498.40	23.03.17	1438.75	10.03.17	1498.00	24.03.17	1440.00	14.03.17

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

Trading in shares of the Company is permitted only in dematerialised form and are available for trading through both the depositories (CDSL and NSDL) with whom the Company has established direct connectivity. The demat requests received by the Company are continually monitored to expedite the process of dematerialisation. The demat requests are confirmed to the depositories within five working days of receipt.

To enable us to serve better, we request shareholders whose shares are in physical form to dematerialise the same. Shareholders holding shares in demat form are requested to update their bank details, e-mail id etc. with their respective depository participants and shareholders holding shares in physical form are requested to update the same with the Company.

During the year, the Company has electronically confirmed demat requests for 162694 equity shares. As on March 31, 2017, 99.61% of the equity share capital of the Company was held in dematerialised form.

Company's shares are fairly liquid on the bourses forming part of major indices and are traded actively at the BSE and the NSE. Trading data of the same for the year April 2016 to March 2017 is as under: -

(Value in million ₹)

MONTH	BSE		NSE		Total	
	Shares	Value (₹)	Shares	Value (₹)	Shares	Value (₹)
Apr - 2016	1926636	2924.85	28973279	44263.03	30899915	47187.88
May - 2016	3786425	5811.58	30690846	47419.74	34477271	53231.32
Jun - 2016	2341877	3428.54	26404610	38694.32	28746487	42122.86
Jul - 2016	1732274	2889.70	20917696	34954.76	22649970	37844.46
Aug - 2016	3291391	5237.31	31703396	50561.58	34994787	55798.89
Sep - 2016	1781517	2714.93	18915702	28795.03	20697219	31509.96
Oct - 2016	1673797	2498.30	13163009	19659.35	14836806	22157.65
Nov - 2016	2526529	3739.47	30832919	45656.95	33359448	49396.42
Dec - 2016	1253369	1858.77	14042860	20845.70	15296229	22704.47
Jan - 2017	1315234	1972.41	12076556	18090.21	13391790	20062.62
Feb - 2017	1885167	2782.45	25358352	37406.86	27243519	40189.31
Mar - 2017	1449211	2119.99	16583099	24246.82	18032310	26366.81
<b>Total:</b>	<b>24963427</b>	<b>37978.30</b>	<b>269662324</b>	<b>410594.35</b>	<b>294625751</b>	<b>448572.65</b>

**PERFORMANCE IN COMPARISON WITH BROAD BASED INDICES**

Lupin share price compared with S&P BSE Sensex and Nifty 50 (Month-end closing) during the year April 2016 to March 2017: -

MONTH	BSE		NSE	
	Lupin share price (₹)	S&P BSE Sensex	Lupin share price (₹)	NIFTY 50
Apr - 2016	1607.75	25606.62	1607.25	7849.80
May - 2016	1474.40	26667.96	1474.75	8160.10
Jun - 2016	1537.35	26999.72	1539.70	8287.75
Jul - 2016	1740.75	28051.86	1739.85	8638.50
Aug - 2016	1483.65	28452.17	1482.20	8786.20
Sep - 2016	1485.45	27865.96	1486.25	8611.15
Oct - 2016	1517.90	27930.21	1518.20	8625.70
Nov - 2016	1503.20	26652.81	1504.85	8224.50
Dec - 2016	1483.70	26626.46	1486.95	8185.80
Jan - 2017	1474.25	27655.96	1470.70	8561.30
Feb - 2017	1472.45	28743.32	1474.10	8879.60
Mar - 2017	1444.80	29620.50	1445.20	9173.75

## EVOLUTION OF SHARE CAPITAL

Particulars of Equity Share Capital of the Company: -

Year	Allotment of shares (of the face value of ₹ 10/- each)	Total issued	
		No. of shares during the year	Capital at the end of the year (₹)
2001 - 02	40141134 shares upon amalgamation *	40141134	401411340
2006 - 07	11360 shares under ESOP (Pre - Bonus) 40152494 shares as bonus (in the ratio of 1:1) 39576 shares under ESOP (Post - Bonus)	40203430	803445640
2007 - 08	1656100 shares upon conversion of FCCB 80231 shares under ESOP	1736331	820808950
2008 - 09	571069 shares upon conversion of FCCB 167586 shares under ESOP	738655	828195500
2009 - 10	5816742 shares upon conversion of FCCB 307541 shares under ESOP	6124283	889438330
2010 - 11	170691 shares under ESOP (Pre Sub-division)	1482024	892402378
	<b>Allotment of shares (of the face value of ₹ 2/-each)</b> 628569 shares under ESOP (Post Sub-division)		
2011 - 12	440492 shares under ESOP	440492	893283362
2012 - 13	887812 shares under ESOP	887812	895058986
2013 - 14	846311 shares under ESOP	846311	896751608
2014 - 15	1112531 shares under ESOP	1112531	898976670
2015 - 16	1094634 shares under ESOP	1094634	901165938
2016 - 17	993900 shares under ESOP	993900	903153738

\* Amalgamation of Lupin Laboratories Limited with Lupin Chemicals Limited whose name was simultaneously changed to Lupin Limited.

## SHARE TRANSFER SYSTEM

The equity shares of the Company are being traded compulsorily in demat form and they are transferable through the depository system. The activities related to transfer of shares in physical form are carried out by the Investors' Services Department of the Company and placed before the Share Transfer Committee for its approval.

The Board has constituted a Share Transfer Committee comprising Dr. Desh Bandhu Gupta, or in his absence, Dr. Kamal K. Sharma, as the Chairman of the Committee and Mrs. M. D. Gupta and Dr. K. U. Mada as the Members. The Committee met 23 times during the year to approve the transfer of 28400 equity shares in physical form.

In terms of Regulation 40(9) of the Listing Regulations, every six months, a Company Secretary in practice undertakes audit of the share transfer related activities and the compliance certificate issued upon audit is submitted to the BSE and the NSE.

## SHARE ALLOTMENT COMMITTEE

The Board has constituted Share Allotment Committee to approve the allotment of shares, comprising Dr. Desh Bandhu Gupta, or in his absence, Dr. Kamal K. Sharma as the Chairman of the Committee and Mrs. M. D. Gupta as a Member.

The Allotment Committee met 15 times during the year and allotted 993900 shares to the employees of the Company and those of its subsidiaries, upon their exercising the vested options granted to them under various Stock Option Plans of the Company.

Executives of the Company are authorised by the Share Allotment Committee to comply with pre and post allotment formalities including listing of allotted shares with the stock exchanges.



**UNCLAIMED SHARES**

As on April 1, 2016, 383600 shares pertaining to 1450 shareholders remained outstanding as unclaimed in the 'Lupin Limited - Unclaimed Suspense Account'.

During the year, 33 shareholders have claimed 5700 shares which were transferred by the Company in the name of the respective claimant shareholders after due verification of the claim documents submitted by them.

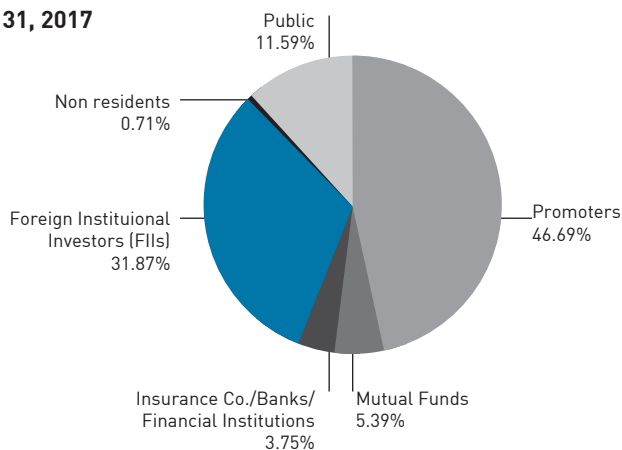
As on March 31, 2017, the balance in the Unclaimed Suspense Account was 377900 shares of 1417 shareholders, the voting rights in respect of which shall remain frozen till the claim of the rightful shareholders is approved by the Company.

**SHAREHOLDING PROFILE AS ON MARCH 31, 2017****i. Distribution of Shareholding**

Shareholding range (No. of shares)	Shareholders		Shareholding	
	Numbers	%	Numbers	%
1 - 500	208782	94.57	13088220	2.90
501 - 1000	4926	2.23	3706577	0.82
1001 - 2000	4207	1.91	5588292	1.24
2001 - 3000	819	0.37	2042529	0.45
3001 - 4000	330	0.15	1178122	0.26
4001 - 5000	253	0.11	1175762	0.26
5001 - 10000	424	0.19	3039011	0.67
10001 and above	1034	0.47	421758356	93.40
<b>Total</b>	<b>220775</b>	<b>100.00</b>	<b>451576869</b>	<b>100.00</b>

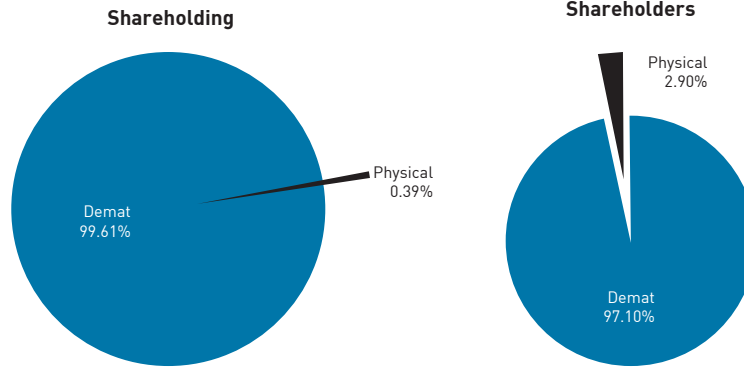
**ii. Shareholding Pattern**

Category	As on 31.03.2017		As on 31.03.2016	
	No. of shares	%	No. of shares	%
Promoters	210857013	46.69	209606365	46.52
Mutual Funds	24349379	5.39	17377878	3.86
Insurance Cos./ Banks/ Financial Institutions	16917547	3.75	14093582	3.13
Foreign Institutional Investors (FIIs)	143924574	31.87	158356457	35.14
Foreign Bodies	5015	0.00	7079	0.00
Non Residents	3209535	0.71	3076814	0.68
Public	52313806	11.59	48064794	10.67
<b>Total</b>	<b>451576869</b>	<b>100.00</b>	<b>450582969</b>	<b>100.00</b>

**Shareholding pattern as on March 31, 2017**

### iii. Shareholding Profile

	Demat		Physical		Total
	Nos.	%	Nos.	%	Nos.
Shareholding	449834391	99.61	1742478	0.39	451576869
Shareholders	214373	97.10	6402	2.90	220775



### iv. Geographical spread of Shareholders

State	Shareholders		State	Shareholders	
	Nos.	%		Nos.	%
Andhra Pradesh	9952	4.51	Madhya Pradesh	4968	2.25
Assam	874	0.40	Maharashtra	88233	39.97
Bihar	1379	0.62	North Eastern States	177	0.08
Chhattisgarh	712	0.32	Orissa	1660	0.75
Delhi	12432	5.63	Punjab	3368	1.53
Goa	950	0.43	Rajasthan	5969	2.70
Gujarat	21474	9.73	Tamilnadu	12922	5.85
Haryana	4314	1.95	Telangana	337	0.15
Himachal Pradesh	379	0.17	Uttarakhand	3303	1.50
Jammu and Kashmir	397	0.18	Uttar Pradesh	8918	4.04
Jharkhand	2714	1.23	West Bengal	13753	6.23
Karnataka	15231	6.90	Others	1984	0.90
Kerala	4375	1.98	<b>Total</b>	<b>220775</b>	<b>100.00</b>

**DIVIDEND PROFILE**

Particulars of dividend declared by the Company: -

Financial year	Book closure/ Record date	Dividend %	Dividend per share (₹)	Date of declaration	Date of payment
2015 - 16	27.07.16 - 03.08.16	375	7.50	03.08.2016	06.08.2016
2014 - 15	16.07.15 - 23.07.15	375	7.50	23.07.2015	27.07.2015
2013 - 14 (Final)	23.07.14 - 30.07.14	150	3.00	30.07.2014	31.07.2014
2013 - 14 (Interim)	14.02.14	150	3.00	03.02.2014	21.02.2014
2012 - 13	31.07.13 - 07.08.13	200	4.00	07.08.2013	08.08.2013
2011 - 12	17.07.12 - 24.07.12	160	3.20	24.07.2012	25.07.2012
2010 - 11	20.07.11 - 27.07.11	150	3.00	27.07.2011	28.07.2011
2009 - 10	21.07.10 - 28.07.10	135	13.50	28.07.2010	29.07.2010
2008 - 09	22.07.09 - 29.07.09	125	12.50	29.07.2009	30.07.2009
2007 - 08	15.07.08 - 22.07.08	100	10.00	22.07.2008	23.07.2008
2006 - 07	12.07.07 - 19.07.07	50	5.00	19.07.2007	20.07.2007
2005 - 06	11.07.06 - 12.07.06	65	6.50	25.07.2006	26.07.2006
2004 - 05	19.07.05 - 20.07.05	65	6.50	28.07.2005	29.07.2005
2003 - 04	15.07.04 - 16.07.04	65	6.50	29.07.2004	30.07.2004
2002 - 03	17.07.03 - 18.07.03	50	5.00	06.08.2003	07.08.2003
2001 - 02 (Final)	20.08.02 - 21.08.02	25	2.50	02.09.2002	03.09.2002
2001 - 02 (Interim)	07.02.02	25	2.50	17.01.2002	15.02.2002

**Notes:** 1. Dividend for the year 2006-07 onwards was on enhanced equity share capital, consequent to the Bonus Issue in the ratio of 1:1.  
2. Face value of the equity share was reduced from ₹ 10.00 each to ₹ 2.00 each, effective August 31, 2010.

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company has adopted the Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, which has been designed to maintain the highest ethical standards and elaborately prescribes the procedures to be followed while dealing in the shares of the Company.

The Code is applicable to promoters, directors, auditors, employees of the Company and their immediate relatives. The Code restricts the said persons to deal in the shares of the Company while in the possession of any unpublished price sensitive information. They are also prohibited from dealing in the shares of the Company during the trading window closure periods announced by the Company, from time to time.

The Code has been disseminated through the Company's intranet for easy access and increased awareness.

**RECONCILIATION OF SHARE CAPITAL AUDIT REPORT**

As a measure of good corporate governance practice, an audit is conducted for each calendar quarter, by a practicing Company Secretary, to reconcile the total admitted capital with NSDL and CDSL and those held in physical form with the total issued, paid up and listed capital of the Company.

The audit report, inter alia, covers and certifies that the total shares held in NSDL, CDSL and those in physical form tally with the issued, paid up and listed capital of the Company, Register of Members is duly updated, demat requests are confirmed within stipulated time etc. Details of changes in the share capital of the Company during the quarter, are also covered in the report.

The Reconciliation of Share Capital Audit Report is submitted with BSE and NSE and is also placed before the meetings of the Board of Directors and the Stakeholders' Relationship Committee.

## UNCLAIMED DIVIDENDS

Dividends declared by the Company up to the financial year 2008-09 which remained unclaimed/ unpaid were transferred to the Investor Education and Protection Fund (IEPF), pursuant to the relevant provisions, as and when the same were due.

As a proactive measure to safeguard interests of the shareholders, the Company sends personalized reminders to the shareholders concerned to claim their unpaid dividends before transferring the same to IEPF.

The unclaimed/unpaid dividends for the year 2009-10 onwards will be transferred to the IEPF, as given below: -

Financial Year	Date of Declaration	Due date for transfer to IEPF
2009 - 10	28.07.2010	02.09.2017
2010 - 11	27.07.2011	01.09.2018
2011 - 12	24.07.2012	29.08.2019
2012 - 13	07.08.2013	12.09.2020
2013 - 14 (Interim)	03.02.2014	11.03.2021
2013 - 14 (Final)	30.07.2014	04.09.2021
2014 - 15	23.07.2015	28.08.2022
2015 - 16	03.08.2016	08.09.2023

Shareholders are advised to check their records and claim dividend before the due date of transfer to IEPF, if not already encashed.

## OUTSTANDING GDRs/ADRs/WARRANTS/CONVERTIBLE INSTRUMENTS

The Company has granted stock options to its employees and those of its subsidiaries under various employee stock option plans. Pursuant to the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the respective plans, the Company allots equity shares from time to time, upon the employees exercising the options vested in them.

There are no outstanding warrants and convertible instruments. The Company has not issued any GDR/ADR.

## PLANT LOCATIONS

The Company's plants are located at:

i)	T-142, MIDC Industrial Estate, Tarapur Industrial Area, Boisar, Dist. Thane, Maharashtra - 401 506.	v)	B-15, Phase I-A, Verna Industrial Area, Verna Salcette, Goa - 403 722.	ix)	Plots Nos.2 and M-1, SEZ, Phase -II, Misc. Zone, Apparel Park, Pithampur, Dist. Dhar, Madhya Pradesh - 454 775.
ii)	198-202, New Industrial Area II, Mandideep, Dist. Raisen Madhya Pradesh - 462 046.	vi)	EPIP, SIDCO Industrial Complex, Bari Brahmana, Jammu - 181 133.	x)	Plot 6A, Sector-17, Special Economic Zone, Mihan Notified Area, Nagpur - 441 108.
iii)	124, GIDC Industrial Estate, Ankleshwar, Gujarat - 393 002.	vii)	Gat No. 1156, Village Ghotawade, Taluka Mulshi, Dist. Pune, Maharashtra - 411 042.	xi)	Plot #130, Road #11, J. N. Pharma City Parwada, Visakhapatnam, Andhra Pradesh - 531019.
iv)	A-28/1, MIDC Area, Chikalthana, Aurangabad, Maharashtra - 431 001.	viii)	Block 21, Dabhasa, Padra Taluka, Vadodara, Gujarat - 391 440.	xii)	4th Mile, Bhasmey, Karmarey-Bhasmey Block, Duga Ilaka, East Sikkim Sikkim - 737132.

xiii)	Kyowa Pharmaceutical Industry Co. Ltd., 11-1 Techno Park, Sanda, Hyogo 669 - 1339, Japan.	xv)	Kyowa CritiCare Co., Ltd., Post code 243-0014 4-18-29, Asahi-cho, Atsugi city, Kanagawa prefecture Japan.	xvii)	Medquimica Industria Farmaceutica LTDA, RUA FERNANDO LAMARCA, 255 - Bairro Distrito Industrial Juiz de Fora, Minas Gerais, CEP 36092-030, Brazil.
xiv)	Kyowa Pharmaceutical Industry Co. Ltd., 3-201-2, Minamiyo Shikata, Tottori -City, Tottorri, 680 - 0843, Japan.	xvi)	Laboratorios Grin S.A. de C.V., Rodriguez Saro#630, Col Del Valle , Mexico DF , CP 03100, RFC LGR8309144M3.	xviii)	Novel Laboratories Inc., 400, Campus Drive, Somerset, New Jersey - 00873 - 1145, USA.

**CONTACT PERSONS FOR ENQUIRIES**

<b>Financial matters</b>	:	Mr. Sunil Makharia, email: sunilmakharia@lupin.com
<b>Secretarial and compliance matters</b>	:	Mr. Rajvardhan V. Satam, email: rajvardhansatam@lupin.com
<b>Investors related matters</b>	:	Mr. Pradeep Bhagwat, email: pradeepbhagwat@lupin.com

**ADDRESS FOR CORRESPONDENCE**

Members may address their queries/communications to:

**Investors' Services Department:**

Kalpataru Inspire, 7<sup>th</sup> Floor, Off Western Express Highway,  
Santacruz (East), Mumbai - 400 055, India.

Tel: +91 22 6640 2323 Ext: 2402/2403

Fax: +91 22 6640 8131.

E mail: investorservices@lupin.com

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

Mumbai, May 24, 2017

**CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

We, Mr. Nilesh Gupta, Managing Director and Mr. Ramesh Swaminathan, Chief Financial Officer and Executive Director do hereby certify to the Board that: -

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2017 and that to the best of our knowledge and belief: -
  - (i) the said statements do not contain any materially untrue statements or omit any material fact, or contain statements that might be misleading;
  - (ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and 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: -
  - (i) significant changes in internal control over financial reporting during the year, if any;
  - (ii) significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
  - (iii) 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.

**For LUPIN LIMITED**

**For LUPIN LIMITED**

**NILESH GUPTA**  
**MANAGING DIRECTOR**  
(DIN: 01734642)

**RAMESH SWAMINATHAN**  
**CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR**  
(DIN: 01833346)

Mumbai, May 24, 2017

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**DECLARATION FOR COMPLIANCE WITH THE CODES OF CONDUCT**

I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Codes of Conduct as applicable to them for the year ended March 31, 2017.

**For LUPIN LIMITED**

**NILESH GUPTA**  
**MANAGING DIRECTOR**  
(DIN: 01734642)

Mumbai, May 24, 2017

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

## TO THE MEMBERS OF LUPIN LIMITED

1. We, B S R & Co. LLP, Chartered Accountants, the Statutory Auditors of **LUPIN LIMITED** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

### Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedure to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. 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

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.
8. 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.

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

**Venkataramanan Vishwanath**  
Partner

Membership No: 113156

Mumbai, May 24, 2017



# BUSINESS RESPONSIBILITY REPORT

The Company is of the firm belief that sustained growth can be achieved only if all the sections of the community flourish. The Company is committed in giving back to the society in which it prospers. In pursuance of this pledge, the Company has in compliance with Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prepared the Business Responsibility Report as under: -

## Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company :** L24100MH1983PLC029442
- Name of the Company :** Lupin Limited
- Registered address :** Kalpataru Inspire, 3<sup>rd</sup> Floor, Off Western Express Highway, Santacruz (East), Mumbai - 400 055.
- Website:** www.lupin.com
- E-mail id:** hosecretarial@lupin.com
- Financial Year reported:** Year ended March 31, 2017.
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

Industrial Group	Description
210	Manufacture of Pharmaceuticals.

*As per National Industrial Classification - Ministry of Statistics and Programme Implementation.*

- List three key products/services that the Company manufactures/provides (as in balance sheet):**  
Cardiovascular, Anti-Infective and Diabetology.
- Total number of locations where business activity is undertaken by the Company:**
  - Number of International Locations:**  
The Company has 29 international subsidiaries located in 16 countries and a Joint Venture in Japan. The Company has Representative Offices in China, Russia, Ukraine, Kazakhstan and Vietnam. The Company has six manufacturing plants located in 4 countries. The Company also has research facilities in USA, Japan and the Netherlands.
  - Number of National Locations:**  
The Company has 12 plants situated at Aurangabad, Tarapur, Pune and Nagpur in Maharashtra, Ankleshwar and Dabhasa in Gujarat, Mandideep and Pithampur in Madhya Pradesh, Visakhapatnam in Andhra Pradesh, Sikkim, Goa and Jammu. The main R&D Centre is located at Pune. The Registered and Corporate offices are housed in Mumbai. The Company has 28 Carrying & Forwarding Agents and six Central Warehouses across the country.
- Markets served by the Company - Local/State/National/International:**  
In addition to serving the Indian market, the Company exports to around 73 countries worldwide.

## Section B: Financial Details of the Company

- Paid up Share Capital:** ₹ 903.2 million.
- Total Turnover:** ₹ 123980.8 million (Standalone).
- Total profit after taxes:** ₹ 31413.3 million (Standalone).
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** The total CSR spend for the year was ₹ 196.8 million which is 0.60% of the average net profit of the Company for the last three years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

**5. List of activities in which expenditure in 4 above has been incurred:**

Within the contours of the broad-based CSR policy of the Company, various CSR programmes were designed and implemented, which aimed at achieving objectives of the policy of enhancing quality of life of people and communities served, particularly the disadvantaged. The programmes can be broadly classified under the following thematic areas: -

**a. Economic development**

Economic empowerment of rural communities and up-gradation of targeted families was achieved by implementing diverse measures in sectors of agriculture, rural industries, animal husbandry, skill enhancement as also providing financial assistance to the rural poor. The activities aimed at poverty eradication and economic development across sectors with infusion of appropriate technologies and innovations.

**b. Social development**

As mere economic progress is hollow without commensurate social development, matching importance was given to social development interventions aimed at women empowerment, educational improvement and community health management. Sectoral interventions aimed at empowering communities through social development. Organisation and consolidation of Self Help Groups aimed at women empowerment by increasing women leadership in villages. Learning levels of students were enhanced through quality schooling viz. provision of e-learning and establishing science laboratories and libraries. Health check-up camps and quality operative services were provided to the rural poor at their doorstep through mobile medical diagnostic units. These efforts make the interventions holistic and more effective touching every aspect of rural life.

**c. Natural Resources Management**

Growth cannot be sustained if natural resources are exhausted. The Company focuses on conserving soil and water by constructing check dams, farm ponds, renovation of defunct lakes and deepening river and streams. Increased availability of water translates in more land coming under irrigation which effectively enhances income of farmers through commercial cropping and intensified farming beyond rainy season.

**d. Rural Infrastructure Development**

Numerous miniature, yet essential infrastructure building activities were implemented to improve the quality of life in rural areas and support the village economy. Works undertaken included development of chaurahas, construction of internal roads, schools, economic housing for rural poor and providing sanitation facilities and other amenities in adopted villages.

**e. Learn and Earn programme**

With an aim to provide opportunities to deserving students from small towns and rural areas to pursue higher education with apprenticeship or employment, the Company has in place, the Learn and Earn programme.

**f. TB Eradication**

Health programs in urban areas aimed at detection and eradication of Tuberculosis were implemented by the Company.

**Section C: Other Details****1. Does the Company have Subsidiary Companies?**

As on March 31, 2017, the Company had 31 subsidiaries.

**2. Do the Subsidiary Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary companies:**

Of the 31 subsidiaries, 29 are incorporated outside India, which comply with the requirements of their respective countries and have independent business responsibility initiatives. The two Indian subsidiaries have not commenced commercial operations.

**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%]:**

The Company's suppliers, distributors, etc. do not directly participate in the BR initiatives of the Company; however, they support the same.

**Section D: BR Information****1. Details of Director responsible for BR:****a) Details of the Director responsible for implementation of the BR policies:**

- 1) DIN Number : 01734642
- 2) Name: Mr. Nilesh Gupta
- 3) Designation: Managing Director

**b) Details of the BR head:**

Sl. No.	Particulars	Details
1.	DIN Number	01734642
2.	Name	Mr. Nilesh Gupta
3.	Designation	Managing Director
4.	Telephone number	+91 22 6640 2222
5.	E-mail id	hosecretarial@lupin.com

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

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

Sl. No.	Questions	Business Ethics	Product Responsibility	Well-being of employees	Stakeholder engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policies for...	Y	Y	Y	Y	Y (The policy is broadly covered in various HR policies and practices as also codes of conduct)	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify.	Y	Y	Y	Y	Y	Y	-	Y	Y
		The policies are broadly based on the National Voluntary Guidelines on social, environmental and economical responsibilities of business issued by the Ministry of Corporate Affairs, Government of India. International Sustainability Rating system and SA 8000 are in place to respect and protect the environment.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD /CEO/ appropriate Board Director?	Y (Signed by the MD)	Y (Signed by the QA Head)	Y (Signed by the HR Head)	Y (Signed by the CSR Head)	Y (Signed by the HR Head)	Y (Signed by the MD)	-	Y (Signed by the CSR Head)	Y (Signed by the Marketing Head)
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
6.	Indicate the link for the policy to be viewed online	*	@	@	@	*	@	-	*	*
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	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
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
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	N	Y	Y	-	Y	Y

\* URL: <http://www.lupin.com>

@ <http://home.lupinworld.com>

## b) If answer to question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P	P	P	P	P	P	P	P	
		1	2	3	4	5	6	7	8	9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	
6.	Any other reason (please specify)	-	-	-	-	-	-	The Company is a member of various trade bodies, chambers and associations through which it has been advocating from time to time in a responsible manner, about measures to be taken by the government to address issues related to the pharmaceutical industry. However, no need has been felt to formulate a specific policy for the same.	-	-

## 3. Governance related to BR:

- a) 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.

Annually.

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

The Company does not publish a BR or a Sustainability Report. The CSR arm of the Company, Lupin Human Welfare and Research Foundation (LHWRF) prepares Business Sustainability Report. LHWRF is the first CSR Foundation in India to publish GRI 4 Sustainability Report, which is bound to set new benchmark for disclosures and accountability in the CSR sector.

## Section E: Principle-wise performance

### Principle 1

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?

Good governance practices are embedded in the Company's culture. The Company firmly believes that Corporate Governance is a pre-requisite for attaining sustainable growth globally. In this pursuit, the Company continues to strengthen its corporate governance practices with a view to maximize long-term value to its stakeholders on a sustainable basis. At the heart of Company's Corporate Governance philosophy is the ideology of transparency, accountability, professionalism, integrity and fairness. Codes of Conduct for Directors, Independent Directors and Senior Management are hosted on the website of the Company [www.lupin.com](http://www.lupin.com). The Company is committed to uphold the highest standards of integrity and ethical standards in conduct of business and dealing with people within and outside the organization. The Company promotes a culture of transparency, openness and impartiality, where each employee is empowered and equipped to act in the best interest of fellow workers, associates and the organization. The Company has instituted an initiative encompassing three important policies viz. Code of Conduct, Whistleblower Policy and Prevention of Workplace Harassment (including 'The Sexual Harassment of Women at the Workplace' (Prevention, Prohibition and Redressal) Act and Rules, 2013). Rules and procedures have been laid out under which employees could report issues of unethical behavior, discriminative or gender-biased misconduct, fraudulent business practices or violation of the Company's Code of Conduct. Employees can do so in absolute anonymity or by disclosing their identity, if they so desire, without any fear of victimization or reprisals or adverse actions.

**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.**

The Company did not receive any complaint of sexual harassment. The Office of Ombudsperson did not receive any major complaint. The 14 minor complaints received were examined by the Investigating Committees/Officers, appointed by the Ombudsperson. All complaints were responded to within the stipulated timeframe and necessary actions taken against those found guilty.

**Principle 2**

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

- i. 'Tonact' (Atorvastatin) for reducing Cholesterol.
- ii. 'Gluconorm' (Metformin) an Anti-Diabetes drug.
- iii. 'Rablet' (Rabeprazole) an Anti-Ulcer Drug for treatment of hyperacidity.

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

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

The Company manufactures as also distributes a wide range of branded and generics formulations and active pharmaceutical ingredients at its world-class manufacturing facilities. There are no specific standards to ascertain reduction achieved at product level, as consumption per unit depends on the product mix.

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

There is no broad-based impact on energy and water consumption by consumers due to the Company's products. However, the Company takes ongoing measures to reduce consumption of energy and water.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

**(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

The Company has in place, standard operating procedures for approving vendors. Materials, both local and international are procured from approved vendors. Periodic vendor audits are conducted by quality assurance team of the Company, especially those supplying key materials. Annual freight contracts are entered into with leading transporters for movement of materials. The Company has enduring business relations with regular vendors and receives their unrelenting support.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?**

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company continues to procure goods and avail services from local and small vendors, especially those situated near its manufacturing locations. The Company provides technical support to vendors and guides them in developing products. Procurement of goods from local vendors helps the Company save on transportation and inventory carrying costs.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as ←5%, 5-10%, →10%). Also, provide details thereof.**

The Company actively promotes the concept of reuse and recycling. About 63% of the waste water generated in plants, is recovered, recycled and reused thereby reducing usage of fresh water. Treated waste water is used for gardening the Company premises thereby reducing consumption of fresh water.

About 50% of incinerable waste generated at plants is sent for co-processing in cement kilns and the same is used in place of fossil fuel by the cement industry. Most of the solvents are recycled and reused.

**Principle 3**

**1. Please indicate the Total number of employees.**

16,792 permanent employees in India as on March 31, 2017.

**2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis.**

5,245 as on March 31, 2017.

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

1,018 as on March 31, 2017.

**4. Please indicate the number of permanent employees with disabilities.**

4 as on March 31, 2017.

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

The Company's plants and offices are situated at multiple locations, thus there are unions and association of employees at the respective locations.

**6. What percentage of your permanent employees are members of this recognized employee association?**

About 7% of the permanent employees are members of recognised employee associations.

**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: -**

Sl. No.	Category	No. of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	Nil, as the Company does not hire child labour, forced labour or involuntary labour.	N.A.
2.	Sexual harassment	Nil	N.A.
3.	Discriminatory employment	Nil	N.A.

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year? (only safety training)**

**(a) Permanent Employees:** - Safety training is an integral part of the induction training program and is imparted to employees at the time of joining the Company. It includes firefighting, first-aid, procedural and chemical safety etc. More than 95% of operating personnel are trained in safety. While procedural safety trainings are regularly imparted, firefighting and first-aid trainings are given at scheduled intervals.

**(b) Permanent Women Employees:** - About 85% of permanent women employees are trained in safety. No discrimination is made while imparting training to women employees vis-a-vis their male counterparts. Induction safety training is imparted to fresh recruited women employees while other trainings like first aid etc. are imparted periodically.

**(c) Casual/Temporary/Contractual Employees:** - 100% casual/temporary/contractual employees in operating functions are trained.

**(d) Employees with Disabilities:** - No discrimination is being made while imparting training to differently abled employees vis-a-vis their fellow employees.

**Principle 4****1. Has the Company mapped its internal and external stakeholders? Yes/No.**

Yes, the Company has mapped its stakeholders.

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

The Company has identified the disadvantaged, vulnerable and marginalized stakeholders.

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

'Lupin Blue Eyes' division continued with 'Punarjyoti' ('Rebirth of Eyes'), campaign which promotes the noble message of eye donation after death. Each product pack contains a unique insert of the eye donation form with helpline numbers which provide patients with detailed information about the eye donation process. Like its unique name, Lupin Blue Eyes is associated with Eye Bank Association of India. In line with its philosophy of contributing to the well-being of patients, the Company initiated various educational programs with a view to create awareness about various diseases. Over 1000 respiratory clinics were established across the country with a view to increase awareness of respiratory diseases. Over the decade, 'Respira' division has left no stone unturned in bringing the best of academics in the field of pulmonology. The academic platform in association with 'Revolution in Advanced Lung Management' has grown to be a landmark initiative and the Company is taking up more initiatives to bring out the best of advanced Pulmonology. In order to make it clinically meaningful, 'Focused Learning in Interventional Pulmonology' program was introduced with leading doctors as directors. The course which is certified by the Academy of Pulmonary Sciences (India) is segregated into Basic, Intermediate and Advanced, based on Interest/experience in bronchoscopy. In continuing with its commitment towards TB eradication, the Company developed a unique mobile application 'Fight TB', a one stop solution to doctors treating Tuberculosis. The Company conducted parental education for pediatric asthma as also 'paramedics' updation program and spirometry technician training program. 'Connect to Cure' programs were conducted by the Cardiovascular and Neurology teams through various mediums in order to improve patient awareness on hypertension and its comorbidities. The Company has developed multilingual website 'Right2breathe' dedicated to educate about Asthma and allergies in order to increase awareness about various respiratory diseases. 'Synox' division conducted Arogya CV risk screening programs and Diabetes detection camps. 'Diabetes educators' were appointed by the Company to provide coaching to patients on 'Insulin administration' and addressing patient queries related to Diabetes. Medical camps were conducted for screening and diagnosis of various therapy areas like Asthma, COPD, Lipids, Anemia, Diabetes, Hypertension, Uric Acid measuring camp, Bone Mineral Density, etc. 'Arogya Lifestyle Camps' strive to educate patients about lifestyle diseases by providing patients with AROGYA booklet on diet tips in regional languages. Free camps were provided to Hypothyroidism patients. The Company also identified and collaborated with doctors and created heart failure clinics across the country to increase awareness of heart failure management. Webinar platforms with unrestricted patient/public login disseminating patient awareness on cardiovascular disease were created.

## Principle 5

**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?**

In line with the Company's commitment to respect and protect human rights, the Company neither hires child labour, forced labour or involuntary labour nor discriminates between its employees. The Company's code of conduct and the human resource practices cover most of these aspects. This policy extends to the entire Lupin Group.

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

The Company did not receive any complaint during the financial year, in respect of violation of human rights.

## Principle 6

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

The policy covers the Company, its subsidiaries and all contractors working within the Company premises.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company has always accorded the topmost priority to Conservation and optimum utilization of natural resources. The Environment, Health and Safety policy of the Company (<http://home.lupinworld.com>) emphasizes on operating in environmentally responsible manner by initiating energy efficient measures in order to reduce/eliminate waste. Water is a precious resource and the Company has in place a mechanism to recover and recycle waste water.

At some of its plant locations, the Company installed solar power panels to reduce dependency on conventional sources of energy.

**3. Does the Company identify and assess potential environmental risks? Y/N.**

Yes internal/external mechanisms are in place, whereby all new facilities and products are risk assessed including environmental impact assessment and development of environmental management plans. The said environmental management plans are reviewed during internal meetings. The Company received prestigious International Sustainability Rating System (ISRS) certification after audit by external independent parties. The Company continues to be the first in the pharmaceutical industry in India to have received the certification for three of its units. In addition, the Company has further started implementation of ISRS at one more facility.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Yes, the Company plans to go for co-generation plant which will be based on agro based fuel.

**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.**

Some energy-efficient and clean technology initiatives carried out by the Company at different locations were as under: -

- Replaced low efficiency motors by energy efficient motors;
- Installed solar power panels to reduce load on conventional energy resources;
- Waste heat recovered from air compressor and preheat boiler temperature to reduce furnace oil consumption;
- Installed Auto power cut-off switch having time based occupancy;
- Replaced light fittings including conventional mercury vapour with low power consuming LED lights;
- Optimization of cooling tower pump and tower running hours;
- Improvement of steam generation efficiency and steam distribution by improving condensate recovery; and
- Installed improved technology hydraulic filter on chilled water systems thereby maintaining refrigeration system heat transfer performance.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes and the same are monitored by both internal and approved external agencies.

**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.**

There were no pending i.e. unresolved show cause/legal notice received from CPCB/SPCB.



**Principle 7****1. Is the Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of various trade bodies, task forces and forums, chambers and associations inter alia: -

- (a) Federation of Indian Chambers of Commerce and Industry (FICCI);
- (b) Confederation of Indian Industry (CII);
- (c) The Associated Chambers of Commerce and Industry (ASSOCHAM);
- (d) Indian Pharmaceutical Alliance (IPA);
- (e) Indian Drugs Manufacturers Association (IDMA);
- (f) Bulk Drugs Manufacturers Association (BDMA);
- (g) Pharmaceutical Export Promotion Council of India (PHARMEXCIL);
- (h) Bombay Chamber of Commerce and Industry; and
- (i) Federation of Indian Export Organisation (FIEO).

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

The Company continues to advocate at various forums about measures to be taken to address basic issues related to improvement of public health in order to promote balanced and sustainable economic development. While the Company supports the government in its efforts to harness the country's innovation capabilities, measures are suggested to encourage investments in R&D. The Company makes continuous efforts to promote the use of generic medicines with a view to make available affordable medical treatment to the under-privileged sections of the society.

**Principle 8****1. Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company is a pioneer in CSR work in rural India committed to ethical values which go beyond just compliance. The Company, through LHWRP is vigorously operative in CSR activities and adopts a holistic development approach across 8 states, 21 districts and 59 blocks of India. CSR activities focussed mainly on: -

**Agriculture:**

- Promoted crop diversification through vegetable, fruit orchard cultivation;
- Horticultural development through fruit orchards, spices cultivation and floriculture;
- Implemented various productivity enhancement measures;
- Imparted training and exposure on crop management practices;
- Promoted organic farming through Vermi-compost units;
- Promoted shed-net farming and other technological interventions;
- Promoted sustainable productivity enhancement practices such as Systematic Rice Intensification, Systematic Wheat Intensification;
- Testing of soil health samples at Pune and Nandurbar centres;
- Waste lands of farmers brought under cultivation through land levelling;
- Established Farmer Producer Companies and Farmers Club;
- Provided agriculture inputs such as improved seeds to farmers; and
- Established micro models of Integrated Agriculture Development.

**Animal Husbandry:**

- Inducted improved cattle breed through artificial and natural insemination;
- Established dairies and milk collection centers;
- Diversification of livestock through promotion of broiler, poultry, backyard poultry, goat farming and fishing;
- Established Biogas units for cooking gas, organic fertilizer;
- Developed feed and fodder for livestock through Azolla and other techniques; and
- Organised animal management training and exposure visits and provided animal health services through health checkup camps.

**Rural Industry and Skill Development:**

- Conducted skill trainings for youth and women;
- Employed youth through job placement and self-enterprises;
- Disbursed Micro-finance and extended credit supply to the needy;
- Provided tool kit support to rural professionals;
- Closely worked with IIT Mumbai to invent machine for Kokum Butter; and
- Established Multi-skill Training Centers in collaboration with the Central Government.

**Health:**

- Conducted health checkup camps at strategic locations;
- Model Primary Healthcare Centres were developed;
- Established a vision center; and
- Provided nutritious protein rich food to malnourished children.

**Women Empowerment:**

- Formed women Self Help Groups (SHGs) and linked existing ones to banks;
- Provided skill development trainings to members of Women SHGs;
- Started e-catering services in Indian Railways through women SHG Federation at Sawantwadi railway station;
- Provided orientation training on Solar products to women of SHGs; and
- Training imparted to women in Fashion Designing and tailoring.

**Education:**

- Established Career Counselling Centres;
- Computer training organized for students in adopted schools;
- Developed model schools;
- Promoted E-learning modules in schools;
- Provided water purifiers to schools;
- Felicitated talented students; and
- Supported Science laboratory and sports in school.

**Financial Inclusions:**

- Opening bank accounts for people residing in remote areas;
- Provided banking service in remote areas; and
- Distribution of Micro ATM machines.

**Natural Resource Management:**

- Implemented water harvesting measures by constructing check-dams and river excavation and farm ponds;
- Repaired defunct check dams, ponds;
- Promoted group well irrigations; and
- Promoted Smokeless Chula (Stove).

**Infrastructure Development:**

- Developed cross road market hubs to boost rural markets;
- Constructed low cost houses, toilets, internal village roads and community halls;
- Established drinking water systems in villages;
- Renovated Anganwadi Centers;
- Constructed Rain Water Harvesting structure;
- Installed water purifiers with ATM systems in tribal villages;
- Supported construction of individual toilets;
- Constructed Bus Stop shelters in villages; and
- Installed solar water pumps.

**Innovative notable interventions during the year:**

- Technology infusion through IIT (Delhi) and CSIR-CBRI Roorkee;
- Promotion of Beti Bachao scheme;
- Installation of sanitary napkins vending machines in rural areas;
- Conducted Blood Donation Camps; and
- Developed website [www.lupinartisanvillage.com](http://www.lupinartisanvillage.com) to enable artisans to sell their products online.

**2. Are the programs/projects undertaken through in-house team/own foundation /external NGO/government structures/any other organization?**

The Company has an in-house efficient implementation apparatus with the objective of transforming rural lives across India. CSR activities are implemented mainly through the LHWRF. Knowledge partnerships are forged with reputed academic and technical institutes such as IITs to develop and deploy appropriate technologies to the rural poor. LHWRF mobilises additional resources from Banks and Government to achieve high impact in the adopted areas.

**3. Have you done any impact assessment of your initiative?**

The Company conducted third party impact assessment through renowned external auditors. LHWRP became the first CSR Foundation in India to publish GRI 4 sustainability report, which is bound to set new benchmark for disclosures and accountability in the CSR sector. The Company conducted impact assessment of its CSR initiatives through qualitative feedbacks collected from the beneficiaries of projects undertaken. Various projects are taken-up in partnership with government as well as semi-government agencies that have their own monitoring mechanisms and impact assessment systems. A robust internal Monitoring & Evaluation system has been established.

**4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

During the year ended March 31, 2017, an amount of ₹ 196.8 million was spent on various community development projects viz. Rural Support Programs, Learn & Earn activities, CSR at plant locations of the Company, TB Eradication Projects and Patient Awareness Camps.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Several notable models developed by the Company were being replicated elsewhere. In activities and projects initiated by the Company, beneficiary communities contributed through labour or beneficiary contribution as per design of the programme. Various initiatives aimed at productivity enhancement, income generation, livelihood development and technological infusion have struck cord with the rural community and were accepted on a wider scale. Bee keeping was introduced by the Company in Bharatpur district which is now one of the leading honey producers in India. Rajasthan government has come out with Nand Ghar scheme on the lines of Model Anganwadi Yojana of Lupin foundation. Water conservation measures were widely appreciated by communities in drought prone areas.

**Principle 9****1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

As on March 31, 2017, about 1% of customer complaints received during the year, were pending, which have since been resolved.

**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).**

The Company manufactures and sells pharmaceutical products and complies with all the legal statutes regarding display of product information on labels.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.**

A stockist based in Bengaluru filed a case before the Competition Commission of India (CCI), against the Karnataka Drug & Chemists Association, its office bearers and the Company alleging anti-competitive arrangements. CCI passed an Order against the parties which was set aside in an appeal filed by the Company before the Competition Appellate Tribunal (COMPAT). CCI has preferred an appeal against the COMPAT Order before the Supreme Court and the matter is subju-dice.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

The Company regularly carries out consumer surveys at doctor level.

**For and on behalf of the Board of Directors**

**Dr. Desh Bandhu Gupta**  
*Chairman*  
(DIN: 00209378)

Mumbai, May 24, 2017

# Consolidated Financial Statements

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUPIN LIMITED

## Report on the Consolidated Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Lupin Limited (herein after referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and a jointly controlled entity, which comprise the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (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 including its jointly controlled entity 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 and its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its jointly controlled entity 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 controls 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 other auditors in terms of their reports referred to in 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 and on the other financial information of its subsidiaries and a jointly controlled entity, 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, of the consolidated financial position of the Group and its jointly controlled entity as at 31 March 2017, and its consolidated financial performance (including other comprehensive income), its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## Other Matters

- a. The comparative financial information of the Group and its jointly controlled entity for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these consolidated financial statements, are based on the previously issued statutory consolidated financial statements prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014, audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 19 May 2016 and 13 May 2015 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.
- b. We have not audited the financial statements and other financial information of 31 subsidiaries and a jointly controlled entity. These subsidiaries account for total assets of ₹ 218,218 million as at 31 March 2017, net loss of ₹ 2,887 million and revenue of ₹ 136,245 million and net cash outflows amounting to ₹ 2,323 million for the year ended 31 March 2017. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 83 million for the year ended 31 March 2017, in respect of a jointly controlled entity, whose financial statements and other financial information have not been audited by us.

These financial statements and financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a jointly controlled entity and our report in terms of section 143 (3) of the Act, insofar as it relates to the aforesaid subsidiaries and a jointly controlled entity is based solely on the reports of the other auditors.

- c. The financial statements and other financial information of certain subsidiaries and a jointly controlled entity which 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 Holding Company's management has converted the financial statements of such subsidiaries and the jointly controlled entity 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 Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and a jointly controlled entity located outside India is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

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 the 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 required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of its subsidiaries and a jointly controlled entity, as noted in the 'other matters' 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 statement of cash flows and 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 Indian Accounting Standards specified under Section 133 of the Act read with the relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 and 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 including its jointly controlled entity 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 Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

**Report on Other Legal and Regulatory Requirements (continued)**

- 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 Auditor's) 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 and also the other financial information of the subsidiaries and its jointly controlled entity, 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 Group. Refer Note 36 to the consolidated Ind AS financial statements;
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer note 68 to the consolidated Ind AS financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and
  - iv. The 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 have been provided with respect to Holding Company and subsidiaries incorporated in India. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Holding Company and subsidiaries incorporated in India and as produced to us by the Management of Holding Company. Refer Note 67 to the consolidated Ind AS financial statements.

For **BSR & Co. LLP***Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**

Partner

Membership No: 113156

Place : Mumbai

Dated : May 24, 2017



## **ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2017 ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated financial Ind AS statements of Lupin Limited ("the Holding Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary 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 incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company and its subsidiary companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 of the subsidiary companies incorporated in India, 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 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 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 Holding Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other matters**

Our aforesaid report 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 two subsidiary companies which are companies incorporated in India, is solely 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

**Venkataramanan Vishwanath**

Partner

Membership No: 113156

Place : Mumbai

Dated : May 24, 2017

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

Note	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million	
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
a. Property, Plant and Equipment	2	46,362.9	33,491.5	26,270.9
b. Capital Work-in-Progress	2	7,149.8	9,812.2	5,196.9
c. Goodwill on Consolidation	46	23,100.1	22,654.4	16,252.8
d. Other Intangible Assets	2	40,866.3	31,023.7	929.4
e. Intangible Assets Under Development	2	14,180.8	17,211.8	562.8
<b>Financial Assets</b>				
(i) Non-Current Investments				
- Investments accounted for using equity method	3	164.3	88.1	30.3
- Others	3	55.7	55.2	25.1
(ii) Non-Current Loans	4	765.2	518.4	338.8
(iii) Other Non-Current Financial Assets	5	-	-	3.2
g. Deferred Tax Assets (Net)	43	5,076.4	3,358.5	2,561.7
h. Non-Current Tax Assets (Net)		1,048.4	646.0	294.2
i. Other Non-Current Assets	6	7,761.2	8,514.8	2,103.5
		146,531.1	127,374.6	54,569.6
<b>Current Assets</b>				
a. Inventories	7	36,422.8	32,736.5	25,036.1
<b>Financial Assets</b>				
(i) Current Investments	8	21,141.3	20.2	16,587.0
(ii) Trade Receivables	9	43,073.4	45,487.6	26,475.2
(iii) Cash and Cash Equivalents	10	6,818.3	7,926.6	4,413.0
(iv) Other Bank Balances	11	175.8	290.9	304.7
(v) Current Loans	12	158.6	185.0	119.2
(vi) Other Current Financial Assets	13	680.1	284.2	360.1
c. Current Tax Assets (Net)		308.8	31.6	10.4
d. Other Current Assets	14	10,762.6	11,911.4	4,734.4
		119,541.7	98,874.0	78,040.1
<b>TOTAL</b>		<b>266,072.8</b>	<b>226,248.6</b>	<b>132,609.7</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a. Equity Share Capital	15	903.2	901.2	899.0
b. Other Equity	16	134,072.5	110,732.5	90,833.3
Equity attributable to Owners of the Company		134,975.7	111,633.7	91,732.3
c. Non-Controlling Interest	48	345.2	320.8	241.0
		135,320.9	111,954.5	91,973.3
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Non-Current Borrowings	17	56,477.8	53,739.0	1,018.3
(ii) Trade Payables	18	59.0	127.6	66.3
(iii) Other Non-Current Financial Liabilities	19	4,764.8	3,556.0	1,016.9
b. Non-Current Provisions	20	3,087.3	1,900.0	1,620.3
c. Deferred Tax Liabilities (net)	43	3,948.5	3,266.8	1,527.5
d. Other Non-Current Liabilities	21	1,208.6	1,093.0	754.2
		69,546.0	63,682.4	6,003.5
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Current Borrowings	22	23,043.3	17,454.1	3,691.5
(ii) Trade Payables	23	25,889.0	19,888.2	17,877.1
(iii) Other Current Financial Liabilities	24	5,663.9	8,982.3	10,022.2
b. Other Current Liabilities	25	915.8	1,030.4	762.7
c. Current Provisions	26	4,713.8	2,348.4	1,476.2
d. Current Tax Liabilities (Net)		980.1	908.3	803.2
		61,205.9	50,611.7	34,632.9
<b>TOTAL</b>		<b>266,072.8</b>	<b>226,248.6</b>	<b>132,609.7</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

For and on behalf of **Board of Directors of Lupin Limited**

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**Vinita Gupta**  
Chief Executive Officer  
DIN: 00058631

**Nilesh Gupta**  
Managing Director  
DIN: 01734642

**M. D. Gupta**  
Executive Director  
DIN: 00209461

**Ramesh Swaminathan**  
Chief Financial Officer  
& Executive Director  
DIN: 01833346

**Dr. Vijay Kelkar**  
Director  
DIN: 00011991

**R. A. Shah**  
Director  
DIN: 00009851

**Richard Zahn**  
Director  
DIN: 02937226

**Dr. K. U. Mada**  
Director  
DIN: 00011395

**Dileep C. Choksi**  
Director  
DIN: 00016322

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

**R.V. Satam**  
Company Secretary  
ACS - 11973

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

	Note	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
<b>INCOME:</b>			
Revenue from Operations	27	174,943.3	142,555.4
Other Income	28	1,065.1	1,851.9
<b>Total Income</b>		<b>176,008.4</b>	<b>144,407.3</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	29	29,486.6	27,586.7
Purchases of Stock-in-Trade		23,906.5	20,198.2
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	30	(3,378.8)	(4,459.2)
Employee Benefits Expense	31	28,495.2	21,416.2
Finance Costs	32	1,525.3	594.7
Depreciation and Amortisation Expense	2	9,122.3	4,871.3
Other Expenses	33	51,502.4	40,960.0
<b>Total Expenses</b>		<b>140,659.5</b>	<b>111,167.9</b>
<b>Profit before Share of Profit of Jointly Controlled Entity and Tax</b>		<b>35,348.9</b>	<b>33,239.4</b>
Share of Profit from Jointly Controlled Entity (net of tax)		82.5	49.0
<b>Profit before Tax</b>		<b>35,431.4</b>	<b>33,288.4</b>
<b>Tax Expense:</b>	43		
- Current Tax (net)		10,882.1	11,433.5
- Deferred Tax (net)		(1,097.0)	(840.1)
<b>Total Tax Expense</b>		<b>9,785.1</b>	<b>10,593.4</b>
<b>Profit for the year</b>		<b>25,646.3</b>	<b>22,695.0</b>
Less : Share of profit attributable to Non-Controlling Interest		71.7	87.6
<b>Profit for the year attributable to Owners of the Company</b>		<b>25,574.6</b>	<b>22,607.4</b>
<b>Other Comprehensive Income / (Loss)</b>			
<b>(A) (i) Items that will not be re-classified to profit or loss:</b>			
(a) Remeasurements of Defined Benefit Plans		(417.2)	(69.6)
(ii) Income tax relating to items that will not be re-classified to profit or loss:	43	130.2	20.2
<b>(B) (i) Items that will be re-classified to profit or loss:</b>			
(a) The effective portion of gain & losses on hedging instruments in a cash flow hedge		275.3	(63.9)
(b) Exchange differences in translating the financial statements of foreign operations		233.0	(535.6)
(ii) Income tax relating to items that will be re-classified to profit or loss:	43	(83.0)	(4.3)
<b>Other Comprehensive Income / (Loss) for the year, net of tax</b>		<b>138.3</b>	<b>(653.2)</b>
Less : Share of Other Comprehensive Income / (Loss) attributable to Non-Controlling Interest		(20.0)	3.0
<b>Other Comprehensive Income / (Loss) for the year attributable to Owners of the Company</b>		<b>158.3</b>	<b>(656.2)</b>
<b>Total Comprehensive Income attributable to:</b>			
Owners of the Company		25,732.9	21,951.2
Non-Controlling Interest		51.7	90.6
<b>Total Comprehensive Income for the year</b>		<b>25,784.6</b>	<b>22,041.8</b>
Earnings per equity share (in ₹)	39		
<b>Basic</b>		<b>56.69</b>	<b>50.25</b>
<b>Diluted</b>		<b>56.46</b>	<b>49.96</b>
Face Value of Equity Share (in ₹)		2.00	2.00

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

For and on behalf of **Board of Directors of Lupin Limited**

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**Vinita Gupta**  
Chief Executive Officer  
DIN: 00058631

**Nilesh Gupta**  
Managing Director  
DIN: 01734642

**M. D. Gupta**  
Executive Director  
DIN: 00209461

**Ramesh Swaminathan**  
Chief Financial Officer  
& Executive Director  
DIN: 01833346

**Dr. Vijay Kelkar**  
Director  
DIN: 00011991

**R. A. Shah**  
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DIN: 00009851

**Richard Zahn**  
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DIN: 02937226

**Dr. K. U. Mada**  
Director  
DIN: 00011395

**Dileep C. Choksi**  
Director  
DIN: 00016322

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

**R.V. Satam**  
Company Secretary  
ACS - 11973

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

## A. Equity Share Capital [Refer note 15]

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
Balance at the beginning of the reporting period	450,582,969	901.2	449,488,335	899.0		
Changes in equity share capital during the year	993,900	2.0	1,094,634	2.2		
Balance at the end of the reporting period	<b>451,576,869</b>	<b>903.2</b>	<b>450,582,969</b>	<b>901.2</b>	<b>449,488,335</b>	<b>899.0</b>

## B. Other Equity [Refer note 16]

(₹ in million)

Particulars	Reserves and Surplus							Amalgamation Reserve	Treasury Shares	Other Comprehensive Income				Non-Controlling Interest	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Legal Reserve	Securities Premium Account	Employees Stock Options Outstanding	General Reserve	Retained Earnings			Foreign Currency Translation Reserve	Effective portion of Cash Flow Hedges	Remeasurements of the net Defined Benefit Plans			
<b>Balance as at 01.04.2015 [Refer note 65]</b>	<b>263.9</b>	<b>126.5</b>	-	<b>6,044.1</b>	<b>620.2</b>	<b>15,894.4</b>	<b>66,987.4</b>	<b>317.9</b>	<b>(270.8)</b>	<b>413.8</b>	<b>435.9</b>	-	<b>241.0</b>	<b>91,074.3</b>	
Profit for the year	-	-	-	-	-	-	22,607.4	-	-	-	-	-	87.6	22,695.0	
Movement in other comprehensive income for the year	-	-	-	-	-	-	-	-	-	(538.6)	(275.3)	(49.4)	3.0	(860.3)	
Profit on disposal of partial investment in subsidiary	-	-	-	-	-	-	43.7	-	-	-	-	-	-	43.7	
Final dividend on Equity Shares	-	-	-	-	-	-	(3,374.2)	-	-	-	-	-	-	(3,374.2)	
Corporate Tax on Dividend	-	-	-	-	-	-	(686.4)	-	-	-	-	-	-	(686.4)	
Addition on allotment of shares	-	-	-	736.8	-	-	-	-	-	-	-	-	-	736.8	
Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(26.5)	(26.5)	
Transfer to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	15.7	15.7	
Share based payment to employees	-	-	-	-	523.6	640.8	-	-	270.8	-	-	-	-	1,435.2	
<b>Balance as at 31.03.2016</b>	<b>263.9</b>	<b>126.5</b>	-	<b>6,780.9</b>	<b>1,143.8</b>	<b>16,535.2</b>	<b>85,577.9</b>	<b>317.9</b>	-	<b>(124.8)</b>	<b>160.6</b>	<b>(49.4)</b>	<b>320.8</b>	<b>111,053.3</b>	
Profit for the year	-	-	-	-	-	-	25,574.6	-	-	-	-	-	71.7	25,646.3	
Movement in other comprehensive income for the year	-	-	-	-	-	-	-	-	-	236.1	492.2	(270.1)	(20.0)	438.2	
Final dividend on Equity Shares	-	-	-	-	-	-	(3,382.4)	-	-	-	-	-	-	(3,382.4)	
Corporate Tax on Dividend	-	-	-	-	-	-	(688.6)	-	-	-	-	-	-	(688.6)	
Transfer to legal reserve	-	-	0.3	-	-	-	(0.3)	-	-	-	-	-	-	-	
Addition on allotment of shares	-	-	-	770.9	-	-	-	-	-	-	-	-	-	770.9	
Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(25.3)	(25.3)	
Transfer to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	2.0	(2.0)	-	
Share based payment to employees	-	-	-	-	593.7	25.5	-	-	-	-	-	-	-	619.2	
Others	-	-	-	-	-	-	(13.9)	-	-	-	-	-	-	(13.9)	
<b>Balance as at 31.03.2017</b>	<b>263.9</b>	<b>126.5</b>	<b>0.3</b>	<b>7,551.8</b>	<b>1,737.5</b>	<b>16,560.7</b>	<b>107,067.3</b>	<b>317.9</b>	-	<b>111.3</b>	<b>652.8</b>	<b>(317.5)</b>	<b>345.2</b>	<b>134,417.7</b>	

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

For and on behalf of **Board of Directors of Lupin Limited**

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

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Vice Chairman  
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**Dileep C. Choksi**  
Director  
DIN: 00016322

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

**R.V. Satam**  
Company Secretary  
ACS - 11973

**CONSOLIDATED CASH FLOW STATEMENT** FOR THE YEAR ENDED MARCH 31, 2017

	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
<b>A. Cash Flow from Operating Activities</b>		
Profit before Tax	35,431.4	33,288.4
Adjustments for:		
Depreciation and Amortisation Expense	9,122.3	4,871.3
Loss / (Profit) on sale / write-off of Property, Plant and Equipment (net)	75.6	(118.7)
Finance Costs	1,525.3	594.7
Net Gain on Sale of Current Investments	(7.8)	(38.1)
Interest on Deposits with Banks	(108.9)	(28.8)
Dividend on Current Investments	(489.7)	(438.0)
Dividend on Non-current Investment	(0.1)	(0.2)
Provision for Doubtful Trade Receivables / Advances / Deposits	160.9	142.5
Provisions / Credit balances no longer required Written Back	(107.3)	(119.2)
Expenses on Employees Stock Options / Stock Appreciation Rights	965.6	837.7
Impairment of Intangible Assets Under Development	106.2	57.2
Share of Profit from Jointly Controlled Entities	(82.5)	(49.0)
Unrealised Exchange loss on revaluation (net)	987.8	142.1
<b>Operating Cash flows before Working Capital Changes</b>	<b>47,578.8</b>	<b>39,141.9</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Non-Current Loans	(247.4)	(163.7)
Other Non-Current Financial Assets	-	3.2
Other Non-Current Assets	(1,065.7)	(2,326.3)
Inventories	(3,715.3)	(5,383.3)
Trade Receivables	973.2	(17,083.8)
Current Loans	133.6	328.2
Other Current Financial Assets	(120.6)	12.3
Other Current Assets	1,113.3	(6,679.5)
Adjustments for increase / (decrease) in operating liabilities:		
Non-current Trade Payables	(68.6)	61.3
Other Non-Current Financial liabilities	1,215.2	2,547.2
Non-current Provisions	1,457.9	340.5
Other Non-Current liabilities	116.6	137.6
Trade Payables	6,099.6	(621.4)
Other Current Financial liabilities	(3,088.5)	(1,104.3)
Other Current Liabilities	(113.9)	(1,878.6)
Current Provisions	2,369.2	546.2
<b>Cash Generated from Operations</b>	<b>52,637.4</b>	<b>7,877.5</b>
Net Income tax paid	(11,489.9)	(11,701.4)
<b>Net Cash Flow generated / (used in) from Operating Activities</b>	<b>41,147.5</b>	<b>(3,823.9)</b>
<b>B. Cash Flow from Investing Activities</b>		
Capital expenditure on Property, Plant and Equipment, including capital advances	(26,367.9)	(58,217.0)
Proceeds from sale of Property, Plant and Equipment	361.3	402.2
Purchase of Non-Current Investments	(5.0)	(30.1)
Net Gain on sale of Current Investments	7.8	38.1
Proceeds from sale of Non-current investment	4.5	-
Consideration for acquisition of subsidiary companies	-	(12,282.0)
Bank balances not considered as Cash and Cash Equivalents (net)	113.8	4.7
Interest on Deposits with Banks	108.9	28.8
Dividend on Current Investments	489.7	438.0
Dividend on Non-current Investments	0.1	0.2
<b>Net Cash used in Investing Activities</b>	<b>(25,286.8)</b>	<b>(69,617.1)</b>

	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from / Repayment of Non-current Borrowings (net)	3,426.6	52,329.8
Proceeds from / Repayment of Current Borrowings (net)	6,052.3	9,751.1
Proceeds from issue of equity shares (ESOPs)	2.0	2.2
Proceeds from sale of treasury shares	-	326.4
Proceeds from sale of Non-current Investments	-	59.4
Securities Premium Received (ESOPs)	424.5	534.2
Finance Costs	(1,507.4)	(584.6)
Dividend paid	(3,377.6)	(3,368.3)
Corporate Tax on Dividend	(688.6)	(686.4)
<b>Net Cash flow generated from Financing Activities</b>	<b>4,331.8</b>	<b>58,363.8</b>
<b>Net increase / (decrease) in Cash and cash equivalents</b>	<b>20,192.5</b>	<b>(15,077.2)</b>
Cash and Cash Equivalents as at the beginning of the year	7,802.2	20,950.6
Cash and Cash Equivalents taken over on acquisition of subsidiary companies	-	1,928.8
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>27,994.7</b>	<b>7,802.2</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
Cash and Cash Equivalents as per Balance Sheet [Refer note 10]	6,818.3	7,926.6
Unrealised loss / (gain) on foreign currency Cash and Cash Equivalents	35.1	(144.6)
Add : Current investments considered as part of Cash and Cash Equivalents [Refer Note 8]	21,141.3	20.2
<b>Cash and Cash Equivalents as restated as at the year end</b>	<b>27,994.7</b>	<b>7,802.2</b>

**Notes :**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS -7) " Statement of Cash Flow ".
- Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), current investments that are convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

For and on behalf of **Board of Directors of Lupin Limited**

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

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**R.V. Satam**  
Company Secretary  
ACS - 11973

Place : Mumbai  
Dated : May 24, 2017



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1A. SIGNIFICANT ACCOUNTING POLICIES:

#### a) Basis of accounting and preparation of Consolidated Financial Statements:

##### *Basis of accounting*

- i) These Consolidated Financial Statements (hereinafter referred to as 'Consolidated Financial Statements') of Lupin Limited ('the Company') and its subsidiaries and its Jointly controlled entity (hereinafter referred to as 'the Group'), have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. These consolidated financial statements were authorized for issue by the Company's Board of Directors on May 24, 2017.
- ii) These Consolidated Financial Statements are the first Consolidated Financial Statements prepared in accordance with Indian Accounting Standards (Ind AS). For all periods upto and including the year ended March 31, 2016, the Group reported its Consolidated Financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'IGAAP'). The Consolidated Financial Statements for the year ended March 31, 2016 and the opening Balance Sheet as at April 1, 2015 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from IGAAP to Ind AS on the Group's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 65.

##### *Functional and Presentation Currency*

- iii) These consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent Company. All financial information presented in Indian rupees has been rounded to the nearest million, except otherwise indicated.

##### *Basis of measurement*

- iv) These Consolidated Financial statements are prepared under the historical cost convention unless otherwise indicated.

##### *Use of Estimates and Judgements*

- v) The preparation of the consolidated financial statements in conformity with Ind AS requires Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the accounting policies.

- Measurement of defined benefit obligations (Refer note m)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note p)
- Recognition of deferred tax assets (Refer note j)
- Measurement of consideration and assets acquired as part of business combination (Refer note i)
- Useful lives of property, plant, equipment and intangibles (Refer note c & d)
- Impairment of Intangibles (Refer note f)
- Goodwill impairment (Refer note f)
- Impairment of financial assets (Refer note h).

## **b) Principles of Consolidation:**

### *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and its subsidiaries and jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Consolidated Statement of Profit and Loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee depending on the level of influence retained.

### *Associates and joint ventures (equity accounted investees)*

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is presumed to exist when the Company holds more than 20% of the voting power of another entity.

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The carrying value of the Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

### *Non-controlling interests ("NCI")*

NCI are measured at their proportionate share of the acquiree's net identifiable assets 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.

**c) Property, Plant and Equipment & Depreciation:***I. Recognition and Measurement:*

Items of property, plant and equipment are measured 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 non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Consolidated Statement of Profit and Loss. 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.

The Group has elected to continue with the carrying value of all its property, plant and equipment as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

*II. Subsequent Expenditure:*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

*III. Depreciation:*

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on property, plant and equipment of the Company and its subsidiaries incorporated in India has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on independent technical evaluation and management's assessment thereof, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

<b>Particulars</b>	<b>Estimated Useful Life</b>
Leasehold Land	Over the period of lease
Plant and Equipment	10 to 15 years
Office Equipment (Desktop)	4 years
Certain assets provided to employees	3 years

Depreciation on the tangible fixed assets of the Company's foreign subsidiaries and jointly controlled entity has been provided on straight-line method as per the estimated useful life of such assets as follows:

<b>Particulars</b>	<b>Estimated Useful Life</b>
Buildings <sup>1</sup>	5 to 50 years
Leasehold Improvements	Over the period of lease
Plant and Equipment <sup>2,3</sup>	3 to 20 years
Furniture and Fixtures <sup>2</sup>	2 to 20 years
Vehicles <sup>2,3</sup>	3 to 7 years
Office Equipment <sup>2</sup>	2 to 21 years

1. In respect of subsidiaries in Japan, assets acquired from April 1, 1998 onwards, are depreciated based on straight line method.

2. In respect of subsidiaries in Japan, assets acquired from April 1, 2016 onwards, are depreciated based on straight line method.

3. Assets acquired on lease are depreciated based on straight line method over their respective lease periods.

Depreciation method, useful live and residual values are reviewed at each financial year end and adjusted if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

#### **d) Intangible Assets:**

##### *I. Recognition and Measurement:*

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Expenditure on research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

The Group has elected to continue with the carrying value of all its intangible assets as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

##### *II. Subsequent Expenditure:*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

##### *III. Amortisation:*

Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:

<b>Particulars</b>	<b>Estimated Useful Life</b>
Computer Software	2 to 6 years
Trademark and Licenses	3 to 13 years
Dossiers / Marketing Rights	5 to 20 years

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

#### **e) Research and Development:**

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss in the year it is incurred, unless a product's technological feasibility has been established, in which case such expenditure is capitalised. These costs are charged to the respective heads in the Consolidated Statement of Profit and Loss in the year it is incurred. The amount capitalised comprises of expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Assets and Intangible Assets.

Expenditure on in-licensed development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset.

#### **f) Impairment of Assets:**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- i) an intangible asset that is not yet available for use; and
- ii) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount rate.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

*Goodwill impairment:*

For testing of impairment of goodwill, if events or changes in circumstances indicate a potential impairment, as part of the review process, the carrying amount of the Cash Generating Units (CGUs) (including allocated goodwill) is compared with its recoverable amount by the Group. The recoverable amount is the higher of fair value less costs to sell and value in use, both of which are calculated by the Group using a discounted cash flow analysis. Calculating the future net cash flows expected to be generated to determine if impairment exists and to calculate the impairment involves significant assumptions, estimation and judgment. The estimation and judgment involves, but is not limited to, industry trends including pricing, estimating long-term revenues, revenue growth and operating expenses.

*Impairment of CMPs/ANDA filings/Acquired In Process Research & Development:*

Intangible assets with definite useful lives are subject to amortization, are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the intangible assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the Consolidated Statement of Profit and Loss.

Management judgement is required in the area of intangible asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group.

**g) Foreign Currency Transactions / Translations:**

- i) Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. 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.
- iii) Exchange differences arising on the settlement of monetary items or on translating monetary items (except for long term monetary items outstanding as at March 31 2016) at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the Consolidated Statement of Profit and Loss in the period in which they arise.
- iv) In case of long term monetary items outstanding as at March 31 2016, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Consolidated Statement of Profit and Loss except in case of exchange differences arising on net investment in foreign operations, where such amortisation is taken to Foreign Currency Translation Reserve (FCTR) until disposal / recovery of the net investment. The unamortised exchange difference is carried under Reserves and Surplus as Foreign Currency Monetary Item Translation Difference Account (FCMITDA) net of the tax effect thereon, where applicable.
- v) In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognized in other comprehensive income/ (loss) and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is reclassified to the Consolidated Statement of Profit and Loss as a part of gain or loss on disposal.

## **h) Financial Instruments:**

### *I. Financial Assets:*

#### Classification

On initial recognition the Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

The Group has elected to continue with the carrying value of all its equity investments as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's financial statements) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i) the Group has transferred substantially all the risks and rewards of the asset, or
  - ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- ii) trade receivables.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## *II. Financial Liabilities*

#### Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Consolidated Statement of Profit and Loss.

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans and borrowings, and payables), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to Consolidated Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated Statement of Profit and Loss.



### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Consolidated Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

### Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Consolidated Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Derivative financial instruments

The Group uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### Hedge Accounting

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in Other Comprehensive Income ('OCI') and accumulated in "Cash Flow Hedge Reserve Account" under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the "Cash Flow Hedge Reserve Account" are reclassified to the Consolidated Statement of Profit and Loss in the same period during which the forecasted transaction affects Consolidated Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Cash Flow Hedge Reserve Account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Cash Flow Hedge Reserve Account" is immediately transferred to the Consolidated Statement of Profit and Loss.

**i) Business combinations:**

- i) The Group accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.
- ii) Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.
- iii) The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognized as capital reserve.
- iv) Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.
- v) 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 and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated Statement of Profit and Loss.
- vi) Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.
- vii) On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- viii) Any goodwill that arises on account of such business combination is tested annually for impairment.
- ix) Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.
- x) The Company has elected to not apply Ind AS 103 "Business Combinations" retrospectively to past business combinations pursuant to the exemption under Ind AS 101 "First-time Adoption of Indian Accounting Standards" (Ind AS 101).

**j) Income tax:**

Income tax expense comprises current tax and deferred tax. It is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates items recognised directly in equity or in OCI.

*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. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Group:

- i) has a legally enforceable right to set off the recognised amounts; and
- ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*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 amounts used for taxation purposes (including those arising from consolidation adjustments such as unrealised profit on inventory etc.).

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

#### **k) Inventories:**

Inventories of all procured materials and Stock-in-Trade are valued at the lower of cost (on moving weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Work-in-process and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

#### **l) Revenue Recognition:**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, sales tax and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreements.

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

Interest income is recognised with reference to the Imputed Interest Rate method.

Dividend from investments is recognised as revenue when right to receive is established.

#### **m) Employee Benefits:**

##### *Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the Group will have no legal or constructive obligation to pay further amounts. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (asset) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Consolidated Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Consolidated Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is measured on the basis of a periodical independent actuarial valuation using the projected unit credit method. Remeasurement are recognised in Consolidated Statement of Profit and Loss in the period in which they arise.

**n) Share-based payment transactions:**

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

Stock Appreciation Rights ("SARs"): The compensation cost of SARs granted to employees is measured at the fair value of the liability. Until the liability is settled, the Group shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in Consolidated Statement of Profit and Loss for the period.

The Company has elected to apply Ind AS 102 Share based payment to equity instruments that vested after the date of transition to Ind AS pursuant to the exemption under Ind AS 101.

**o) Leases:***Determining whether an arrangement contains a lease*

An arrangement, which is not in the legal form of a lease, should be accounted for as a lease, if:

- i) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- ii) the arrangement conveys a right to use the asset.

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If it is impracticable to separate the payments reliably, then a finance lease receivable is recognised at an amount equal to the fair value of the underlying asset; subsequently, the receivable is reduced as payments are made and a finance income is recognised using the interest rate implicit in the lease.

*Finance Lease*

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

Minimum lease payments, for assets taken under finance lease, are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating Lease*

Agreements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Consolidated Statement of Profit and Loss. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

**p) Provisions and Contingent Liabilities:**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for asset retirement obligations is measured at the present value of the best estimate of the cost of restoration at the time of asset retirement.

Contingent liabilities are disclosed in the Notes to the consolidated financial statements. Contingent liabilities are disclosed for:

- i) possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**q) Borrowing costs:**

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate (EIR) applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings (other than long term foreign currency borrowings outstanding as of March 31, 2016) to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

**r) Government Grants:**

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Consolidated Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Group for expenses incurred are recognised in Consolidated Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

Pursuant to Ind AS 101 "First-time Adoption of Indian Accounting Standards", the Company has opted the exemption to use the carrying amount of the Government Loan at a rate below market rate of interest at the date of transition to Ind AS, as the carrying amount of the Loan in the consolidated financial statements.

**s) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

**t) Insurance claims:**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect the ultimate collection.

**u) Service tax input credit:**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**v) Segment reporting:**

The Group operates in one reportable business segment i.e. "Pharmaceuticals".

**w) Operating cycle:**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**1B. RECENT ACCOUNTING PRONOUNCEMENTS:****Standards issued but not yet effective**

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 Group from April 1, 2017.

**Amendment to Ind AS 7:**

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 Group is evaluating the requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance for the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. However, this amendment is not applicable to the Group.

## 2. FIXED ASSETS

Particulars	Gross Block							Accumulated Depreciation and Amortisation					Net Block	
	As at 01.04.2016	Additions on Acquisition of Subsidiary Company	Additions	Translation Adjustments	Disposals	As at 31.03.2017	As at 01.04.2016	Additions on Acquisition of Subsidiary Company	For the Period	Translation Adjustments	Disposals	As at 31.03.2017	As at 31.03.2017	
<b>A. Property, Plant and Equipment</b>														
Freehold Land	3,050.2	-	86.2	(39.6)	-	3,096.8	-	-	-	-	-	-	3,096.8	
	2,343.4	606.3	-	100.5	-	3,050.2	-	-	-	-	-	-	3,050.2	
Leasehold Land	484.6	-	50.8	0.3	-	535.7	9.2	8.6	-	-	-	17.8	517.9	
	563.8	-	65.4	(0.4)	144.2	484.6	-	10.4	-	-	-	9.2	475.4	
Buildings	9,224.4	-	6,710.9	(155.7)	2.7	15,776.9	354.8	505.9	(7.5)	0.5	0.5	852.7	14,924.2	
	7,205.8	394.2	1,554.5	71.4	1.5	9,224.4	-	351.6	3.6	0.4	-	354.8	8,869.8	
Leasehold Improvements	879.3	-	451.6	(30.9)	-	1,300.0	80.9	179.1	(7.1)	-	-	252.9	1,047.1	
	182.1	36.8	66.7	25.4	31.7	879.3	-	87.0	1.1	7.2	-	80.9	798.4	
Plant and Equipment	21,586.3	-	9,517.4	(293.3)	219.7	30,590.7	3,067.9	3,586.5	(54.4)	50.3	50.3	6,549.7	24,041.0	
	14,535.1	1,263.3	5,525.8	305.2	43.1	21,586.3	-	3,026.8	49.4	8.3	-	3,067.9	18,518.4	
Furniture and Fixtures	1,121.6	-	904.9	(24.4)	244.5	1,757.6	248.6	306.5	(9.8)	75.9	75.9	469.4	1,288.2	
	699.2	73.5	322.5	35.8	9.4	1,121.6	-	240.6	9.4	1.4	-	248.6	873.0	
Vehicles	243.5	-	76.6	(15.9)	26.1	278.1	49.9	64.1	(5.0)	15.9	15.9	93.1	185.0	
	133.1	7.7	114.9	(4.6)	7.6	243.5	-	54.0	0.4	4.5	-	49.9	193.6	
Office Equipment	999.2	-	955.5	(13.4)	29.0	1,912.3	293.0	390.9	(6.2)	26.7	26.7	651.0	1,261.3	
	592.0	9.9	383.7	19.8	6.2	999.2	-	296.6	1.5	5.1	-	293.0	706.2	
<b>Assets under Lease:</b>														
- Plant and Equipment	15.3	-	-	(0.2)	-	15.1	9.7	5.9	(0.5)	-	-	15.1	-	
	14.4	-	-	2.0	1.1	15.3	-	10.1	0.7	1.1	-	9.7	5.6	
- Vehicles	1.4	-	1.5	0.1	1.5	1.5	0.3	0.5	-	0.7	0.7	0.1	1.4	
	2.0	-	-	(0.3)	0.3	1.4	-	0.5	(0.1)	0.1	0.1	0.3	1.1	
<b>Total - Property, Plant and Equipment (A)</b>	<b>37,605.8</b>	<b>-</b>	<b>18,755.4</b>	<b>(573.0)</b>	<b>523.5</b>	<b>55,264.7</b>	<b>4,114.3</b>	<b>5,048.0</b>	<b>(90.5)</b>	<b>170.0</b>	<b>170.0</b>	<b>8,901.8</b>	<b>46,362.9</b>	
	26,270.9	2,391.7	8,633.5	556.8	245.1	37,605.8	-	4,077.6	66.0	29.3	-	4,114.3	33,491.5	
<b>B. Other Intangible Assets - Acquired</b>														
Computer Software	501.6	-	135.8	(15.9)	3.0	618.5	126.7	155.9	(8.6)	0.8	0.8	273.2	345.3	
	305.6	20.0	145.3	30.7	-	501.6	-	121.9	4.8	-	-	126.7	374.9	
Trademarks and Licences	634.1	-	249.9	9.2	8.0	885.2	119.3	114.2	(27.9)	4.6	4.6	201.0	684.2	
	163.4	-	471.0	(0.2)	0.1	634.1	-	90.8	28.5	-	-	119.3	514.8	
Dossiers/Marketing rights	30,724.8	-	14,694.9	(1,242.5)	92.7	44,084.5	590.8	3,804.2	(132.4)	14.9	14.9	4,247.7	39,836.8	
	460.4	4,263.7	25,942.2	126.1	67.6	30,724.8	-	581.0	9.8	-	-	590.8	30,134.0	
<b>Total - Other Intangible Assets (B)</b>	<b>31,860.5</b>	<b>-</b>	<b>15,080.6</b>	<b>(1,249.2)</b>	<b>103.7</b>	<b>45,588.2</b>	<b>836.8</b>	<b>4,074.3</b>	<b>(168.9)</b>	<b>20.3</b>	<b>20.3</b>	<b>4,721.9</b>	<b>40,866.3</b>	
	929.4	4,283.7	26,558.5	156.6	67.7	31,860.5	-	793.7	43.1	-	-	836.8	31,023.7	
<b>Total (A+B)</b>	<b>69,466.3</b>	<b>-</b>	<b>33,836.0</b>	<b>(1,822.2)</b>	<b>627.2</b>	<b>100,852.9</b>	<b>4,951.1</b>	<b>9,122.3</b>	<b>(259.4)</b>	<b>190.3</b>	<b>190.3</b>	<b>13,623.7</b>	<b>87,229.2</b>	
	27,200.3	6,675.4	35,192.0	711.4	312.8	69,466.3	-	4,871.3	109.1	29.3	-	4,951.1	64,515.2	
Capital Work-in-Progress (Refer note 37)														
													7,149.8	
													9,812.2	
Intangible Assets Under Development													14,180.8	
													17,211.8	
<b>Total</b>													<b>108,559.8</b>	
													91,539.2	

a) Cost of Buildings includes cost of shares in co-operative societies of ₹ 1,000/- (previous year ₹ 1,000/-).

b) Refer note 1 (A) (c & d) for deemed cost.

c) Capital Work-in-Progress and Intangible Assets Under Development as at 01.04.2015 are ₹ 5.19% million and ₹ 562.8 million respectively.

d) Previous year figures are given in italics below current year figures in each class of assets.



**3. NON-CURRENT INVESTMENTS**

		As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>Unquoted</b>				
<b>- Investments accounted for using equity method</b>	<b>Face Value</b>			
<b>In Jointly Controlled Entity:</b>				
- YL Biologics Ltd., Japan (Number of shares as on 31.03.2017 - 450, 31.03.2016 - 450, 01.04.2015 - 450)	JPY *	164.3	88.1	30.3
		164.3	88.1	30.3
<b>- Others</b>				
<b>a) In Equity Instruments</b> (Fair value through Profit or Loss):				
- Biotech Consortium India Ltd., India (Number of shares as on 31.03.2017 - 50,000, 31.03.2016 - 50,000, 01.04.2015 - 50,000)	₹ 10	0.5	0.5	0.5
- Enviro Infrastructure Co. Ltd., India (Number of shares as on 31.03.2017 - 100,000, 31.03.2016 - 100,000, 01.04.2015 - 100,000)	₹ 10	1.0	1.0	1.0
- Bharuch Enviro Infrastructure Ltd., India (Number of shares as on 31.03.2017 - 4,585, 31.03.2016 - 4,585, 01.04.2015 - 4,585) [31.03.2017 - ₹ 45,850/-, 31.03.2016 - ₹ 45,850/-, 01.04.2015 - ₹ 45,850/-]	₹ 10			
- Narmada Clean Tech Ltd., India (Number of shares as on 31.03.2017 - 1,145,190, 31.03.2016 - 1,145,190, 01.04.2015 - 1,145,190)	₹ 10	11.5	11.5	11.5
- Tarapur Environment Protection Society, India (Number of shares as on 31.03.2017 - 72,358, 31.03.2016 - 72,358, 01.04.2015 - 72,358)	₹ 100	7.2	7.2	7.2
- Sai Wardha Power Ltd., India (Number of shares as on 31.03.2017 - 3,007,237, 31.03.2016 - 3,007,237, 01.04.2015 - Nil)	₹ 100	30.1	30.1	-
- Japan Medical Products Exporter's Association, Japan (Number of shares as on 31.03.2017 - 10, 31.03.2016 - 10, 01.04.2015 - 10) [31.03.2017 - ₹ 29,000/-, 31.03.2016 - ₹ 29,495/-, 01.04.2015 - ₹ 26,065/-]	JPY 5,000			
- The Pharmaceuticals and Medical Devices Agency, Japan (Number of shares as on 31.03.2017 - 30, 31.03.2016 - 30, 01.04.2015 - 30)	JPY 10,000	0.2	0.2	0.2
- Osaka Fire Mutual Aid Association, Japan (Number of shares as on 31.03.2017 - 10, 31.03.2016 - 10, 01.04.2015 - 10) [31.03.2017 - ₹ 580/-, 31.03.2016 - ₹ 590/-, 01.04.2015 - ₹ 521/-]	JPY 100			
- Frankfurter Volksbank eG Bank, Germany (Number of shares as on 31.03.2017 - 10, 31.03.2016 - 10, 01.04.2015 - 10) [31.03.2017 - ₹ 34,647, 31.03.2016 - ₹ 37,698/-, 01.04.2015 - ₹ 33,595/-]	Eur 50			
- Atsugi Gas Corporation, Japan (Number of shares as on 31.03.2017 - 600, 31.03.2016 - 600, 01.04.2015 - 600)	JPY *	0.2	0.2	0.2
<b>b) In Preference Shares</b> (Fair value through Profit or Loss):				
- Enviro Infrastructure Co. Ltd., India (Number of shares as on 31.03.2017 - Nil, 31.03.2016 - 450,000, 01.04.2015 - 450,000)	₹ 10	-	4.5	4.5
<b>c) In Bonds</b> (Fair value through Profit or Loss):				
- National Highways Authority of India, India (Number of units as on 31.03.2017 - 500, 31.03.2016 - Nil, 01.04.2015 - Nil)	₹ 10,000	5.0	-	-
<b>d) In Government Securities</b> (Fair value through Profit or Loss):				
- National Saving Certificates [Deposited with Government Authority] (31.03.2017 - ₹ 6,000/-, 31.03.2016 - ₹ 6,000/-, 01.04.2015 - ₹ 6,000/-)				
		55.7	55.2	25.1
	<b>Total</b>	<b>220.0</b>	<b>143.3</b>	<b>55.4</b>

\* Shares do not have face value

i) All investments in shares are fully paid up

ii) Aggregate amount of unquoted investments

220.0 143.3 55.4

#### 4. NON- CURRENT LOANS

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Unsecured, considered good unless otherwise stated			
Security Deposits			
- with Related Parties [Refer note 64]	43.4	54.7	54.7
- with Others	689.4	460.3	267.4
Loans to Employees	2.4	3.4	16.7
Advance to Vendors	30.0	-	-
<b>Total</b>	<b>765.2</b>	<b>518.4</b>	<b>338.8</b>

#### 5. OTHER NON-CURRENT FINANCIAL ASSETS

Mark to Market Derivative Assets	-	-	3.2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3.2</b>

#### 6. OTHER NON-CURRENT ASSETS

Capital Advances	3,308.4	5,121.5	985.6
Advances other than Capital Advances			
With Government Authorities (Drawback / Customs and Excise duties receivable)	628.5	816.5	880.7
Advance against investments	3,757.1	2,499.8	213.4
Prepaid Expenses	67.2	77.0	23.8
<b>Total</b>	<b>7,761.2</b>	<b>8,514.8</b>	<b>2,103.5</b>

#### 7. INVENTORIES

Raw Materials	7,233.9	7,268.4	5,945.8
Packing Materials	1,548.9	1,282.7	1,135.0
Work-in-Process	4,906.0	4,697.9	4,099.1
Finished Goods	8,011.6	7,063.5	5,342.8
Stock-in-Trade	10,398.9	8,591.4	5,649.2
Consumable Stores and Spares	1,134.4	1,059.4	860.4
Goods-in-Transit			
- Raw Materials	253.1	280.9	390.3
- Packing Materials	39.4	18.3	21.7
- Stock-in-Trade	2,865.7	2,450.7	1,565.8
- Consumable Stores and Spares	30.9	23.3	26.0
<b>Total</b>	<b>36,422.8</b>	<b>32,736.5</b>	<b>25,036.1</b>

During the year ended 31.03.2017 and 31.03.2016, the Company recorded inventory write-downs of ₹ 1,681.4 million and ₹ 1,920.7 million respectively. These adjustments were included in cost of material consumed and changes in inventories.

**8. CURRENT INVESTMENTS**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>Unquoted (Fair value through Profit or Loss)</b>			
<b>- In Mutual Funds</b>			
- Birla Sun Life Savings Fund Daily Dividend Regular Plan Reinvestment (Number of Units as on 31.03.2017 - 14,789,683, 31.03.2016 - Nil, 01.04.2015 - Nil)	1,485.4	-	-
- Birla Sun Life Floating Rate Long Term Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - 24,331,993, 31.03.2016 - Nil, 01.04.2015 - Nil)	2,453.3	-	-
- Birla Sun Life Floating Rate Fund Long Term Weekly Dividend Regular Plan (Number of Units as on 31.03.2017 - 10,095,918, 31.03.2016 - Nil, 01.04.2015 - Nil)	1,011.3	-	-
- Reliance Medium Term Fund Daily Dividend Plan (Number of Units as on 31.03.2017 - 29,480,054, 31.03.2016 - Nil, 01.04.2015 - Nil)	504.0	-	-
- Baroda Pioneer Liquid Fund-Plan A Daily Dividend Reinvestment (Number of Units as on 31.03.2017 - 499,798, 31.03.2016 - Nil, 01.04.2015 - Nil)	500.4	-	-
- Axis Liquid Fund - Daily Dividend (Number of Units as on 31.03.2017 - 1,479,006, 31.03.2016 - Nil, 01.04.2015 - 50,002)	1,480.3	-	50.0
- Kotak Treasury Advantage Fund Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - 170,846,685, 31.03.2016 - Nil, 01.04.2015 - 49,914,730)	1,722.1	-	503.1
- Kotak Floater Short Term Daily Dividend (Number of Units as on 31.03.2017 - 551,234, 31.03.2016 - Nil, 01.04.2015 - Nil)	557.6	-	-
- Reliance Liquid Fund- Treasury Plan Institutional Option Daily Dividend Option (Number of Units as on 31.03.2017 - 1,396,383, 31.03.2016 - Nil, 01.04.2015 - Nil)	2,134.7	-	-
- ICICI Prudential Flexible Income Daily Dividend (Number of Units as on 31.03.2017 - 27,563,892, 31.03.2016 - Nil, 01.04.2015 - Nil)	2,914.5	-	-
- ICICI Prudential Flexible Income Weekly Dividend (Number of Units as on 31.03.2017 - 13,265,043, 31.03.2016 - Nil, 01.04.2015 - Nil)	1,400.7	-	-
- Kotak Low Duration Fund Standard Weekly Dividend (Number of Units as on 31.03.2017 - 1,031,414, 31.03.2016 - Nil, 01.04.2015 - Nil)	1,047.7	-	-
- HDFC Floating Rate Income Fund Short Term Plan Dividend Reinvestment (Number of Units as on 31.03.2017 - 177,002,896, 31.03.2016 - Nil, 01.04.2015 - Nil)	1,784.3	-	-
- Reliance Money Manager Fund Daily Dividend Plan (Number of Units as on 31.03.2017 - 1,025,655, 31.03.2016 - Nil, 01.04.2015 - Nil)	1,033.3	-	-
- Axis Banking & PSU Debt Fund Daily Dividend (Number of Units as on 31.03.2017 - 603,901, 31.03.2016 - Nil, 01.04.2015 - Nil)	608.8	-	-
- Reliance Floating Rate Fund Short Term Plan Daily Dividend Plan (Number of Units as on 31.03.2017 - 49,693,136, 31.03.2016 - Nil, 01.04.2015 - Nil)	502.9	-	-
- Kotak Liquid Scheme Plan A Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 139,208)	-	-	170.2
- Birla Sun Life Cash Plus Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - 201,880, 01.04.2015 - 10,960,902)	-	20.2	1,098.2
- HDFC Liquid Fund - Dividend Daily Reinvest (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 46,530,363)	-	-	474.5
- HDFC High Interest Fund-Short Term Plan Fortnightly Dividend (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 196,263,170)	-	-	2,082.0
- ICICI Prudential Blended Plan B Regular Plan Monthly Dividend Option - I (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 101,597,773)	-	-	1,038.5
- Axis Short Term Fund Monthly Dividend (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 100,692,087)	-	-	1,025.9
- Birla Sun Life Short Term Fund Monthly Dividend Regular Plan (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 86,839,119)	-	-	1,027.0
- Birla Sun Life Treasury Optimizer Plan Monthly Dividend Regular Plan (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 4,919,391)	-	-	514.3
- Reliance Medium Term Fund Monthly Dividend Plan (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 191,462,695)	-	-	2,054.1
- Reliance Short Term Fund Monthly Dividend Plan (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 46,961,944)	-	-	512.3
- ICICI Prudential Banking & PSU Debt Fund Regular Plan Weekly Dividend (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 148,063,792)	-	-	1,511.3
- ICICI Prudential Ultra Short Term Regular Plan Daily Dividend (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 98,833,834)	-	-	1,006.4
- Axis Banking Debt Fund-Weekly Dividend (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 2,495,963)	-	-	2,513.6
- SBI Magnum Insta Cash Fund Liquid Floater Regular Plan Daily Dividend (Number of Units as on 31.03.2017 - Nil, 31.03.2016 - Nil, 01.04.2015 - 995,692)	-	-	1,005.6
<b>Total</b>	<b>21,141.3</b>	<b>20.2</b>	<b>16,587.0</b>
a) Aggregate amount of unquoted investments	21,153.8	20.2	16,587.0
b) Excess of carrying cost over fair value (net) of current investments as adjusted above	12.5	-	-

## 9. TRADE RECEIVABLES

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Unsecured			
- Considered Good	43,084.2	45,498.0	26,495.2
- Considered Doubtful	307.6	445.9	238.1
	43,391.8	45,943.9	26,733.3
Less : Provision for:			
- Good Trade Receivables	10.8	10.4	20.0
- Doubtful Trade Receivables	307.6	445.9	238.1
	318.4	456.3	258.1
(Refer note 58 for information about credit risk and market risk for trade receivables) <b>Total</b>	<b>43,073.4</b>	<b>45,487.6</b>	<b>26,475.2</b>

## 10. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents (as per IND AS-7 - "Statement of Cash Flows")			
Bank Balances			
- In Current Accounts (including money-in-transit)	5,389.7	7,445.7	3,829.2
- In EEFC Account	11.9	11.3	137.7
- In Deposit Accounts	1,199.6	333.6	306.5
Cheques on hand	196.8	126.9	132.7
Cash on hand (Refer Note 67)	20.3	9.1	6.9
<b>Total</b>	<b>6,818.3</b>	<b>7,926.6</b>	<b>4,413.0</b>

## 11. OTHER BANK BALANCES

Earmarked Balances with Banks			
- Unpaid dividend accounts	37.5	32.7	26.8
- Deposits against guarantees and other commitments	137.1	158.2	277.9
Bank Deposits maturing more than 3 months but less than 12 months	1.2	100.0	-
<b>Total</b>	<b>175.8</b>	<b>290.9</b>	<b>304.7</b>

Other Bank Balances - Earmarked Balances with Banks includes deposit ₹ 12.6 million (31.03.2016 - ₹ 11.9 million, 01.04.2015 - ₹ 11.2 million) which have an original maturity of more than 12 months.

**12. CURRENT LOANS**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
(Financial assets stated at cost)			
Unsecured, considered good unless otherwise stated			
Security Deposits	132.2	120.7	85.6
Other Loans and advances (includes Loans to employees, etc.)	26.4	64.3	33.6
<b>Total</b>	<b>158.6</b>	<b>185.0</b>	<b>119.2</b>

**13. OTHER CURRENT FINANCIAL ASSETS**

Receivables from Related Parties [Refer note 64]	6.5	0.8	-
Mark to Market Derivative Assets	551.0	275.7	339.3
Other Current Financial Assets (includes receivable from Government Authorities and Interest receivables, etc.)	122.6	7.7	20.8
<b>Total</b>	<b>680.1</b>	<b>284.2</b>	<b>360.1</b>

**14. OTHER CURRENT ASSETS**

Advances other than Capital Advances			
Prepaid Expenses	1,022.7	771.8	475.9
Advance to Employees	80.2	71.2	75.1
Advance to Vendors			
- Considered Good	1,100.5	1,470.4	729.1
- Considered Doubtful	26.9	-	-
	1,127.4	1,470.4	729.1
Less : Provision for Doubtful Advances	26.9	-	-
	1,100.5	1,470.4	729.1
Advance against investments	221.4	2,981.5	-
Export Benefits receivable	3,394.9	3,224.1	1,253.6
With Government Authorities (VAT / Cenvat / Service tax credit receivable)	4,706.3	2,869.6	2,108.4
Assets Recoverable From Customers	32.2	21.2	27.9
Other Current Assets (Includes miscellaneous receivables, etc.)	204.4	501.6	64.4
<b>Total</b>	<b>10,762.6</b>	<b>11,911.4</b>	<b>4,734.4</b>

## 15. EQUITY SHARE CAPITAL

### a) Equity Share Capital

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>Authorised</b>						
Equity Shares of ₹ 2 each	1,000,000,000	2,000.0	1,000,000,000	2,000.0	500,000,000	1,000.0
<b>Issued, Subscribed and Paid up</b>						
Equity Shares of ₹ 2 each fully paid	451,576,869	903.2	450,582,969	901.2	449,488,335	899.0
<b>Total</b>	<b>451,576,869</b>	<b>903.2</b>	<b>450,582,969</b>	<b>901.2</b>	<b>449,488,335</b>	<b>899.0</b>

### b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
Equity Shares outstanding at the beginning of the year	450,582,969	901.2	449,488,335	899.0		
Equity Shares issued during the year pursuant to exercise of ESOPs	993,900	2.0	1,094,634	2.2		
Equity Shares outstanding at the end of the year	<b>451,576,869</b>	<b>903.2</b>	<b>450,582,969</b>	<b>901.2</b>	<b>449,488,335</b>	<b>899.0</b>

### c) Rights attached to Equity Shares

The Company has only one class of equity shares with voting rights having a par value of ₹ 2 per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of dividend per equity share distributed to equity shareholders is ₹ 7.5 [previous year ended March 31, 2016 - ₹ 7.5].

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

### d) Details of shares held by each shareholder holding more than 5% equity shares

Name of Shareholder	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Zyma Laboratories Limited	55,658,383	12.33	55,260,490	12.26	54,960,490	12.23
Rahas Investments Pvt. Limited	46,083,534	10.21	45,699,510	10.14	45,699,510	10.17
Visiomed Investments Pvt. Limited	44,102,333	9.77	43,514,660	9.66	43,514,660	9.68
Lupin Holdings Pvt. Limited	40,828,758	9.04	40,401,000	8.97	40,401,000	8.99

### e) Shares reserved for issuance under Stock Option Plans of the Company

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
Lupin Employees Stock Option Plan 2003	203,163	0.4	227,759	0.5	343,000	0.7
Lupin Employees Stock Option Plan 2005	67,633	0.1	232,181	0.5	445,304	0.9
Lupin Employees Stock Option Plan 2011	1,615,790	3.2	2,059,547	4.1	2,758,708	5.5
Lupin Employees Stock Option Plan 2014	3,209,432	6.4	3,334,820	6.7	3,375,000	6.8
Lupin Subsidiary Companies Employees Stock Option Plan 2005	112,613	0.2	226,927	0.5	233,536	0.5
Lupin Subsidiary Companies Employees Stock Option Plan 2011	722,479	1.4	846,902	1.7	878,097	1.8
Lupin Subsidiary Companies Employees Stock Option Plan 2014	1,125,000	2.3	1,125,000	2.3	1,125,000	2.3

### f) Aggregate number of shares issued during last five years pursuant to Stock Option Plans of the Company

Particulars	As at 31.03.2017 Aggregate No. of Shares	As at 31.03.2016 Aggregate No. of Shares	As at 01.04.2015 Aggregate No. of Shares
Equity Shares issued under various Stock Option Plans of the Company	4,935,188	4,381,780	4,769,170

g) No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the Balance Sheet date.

**16. OTHER EQUITY**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>Reserves and surplus</b>			
<b>Capital Reserve</b>			
- Investment Subsidies from Central Government			
Opening and Closing Balance as per last Balance Sheet	1.0	1.0	1.0
- Investment Subsidies from State Government			
Opening and Closing Balance as per last Balance Sheet	8.2	8.2	8.2
- On restructuring of capital of the Company under the Scheme of Amalgamation			
Opening and Closing Balance as per last Balance Sheet	254.7	254.7	254.7
	263.9	263.9	
<b>Capital Redemption Reserve</b>			
Opening and Closing Balance as per last Balance Sheet	126.5	126.5	126.5
<b>Legal Reserve</b>			
Opening Balance as per last Balance Sheet	-	-	
Add : Additions during the year	0.3	-	
Balance as at the year end	0.3	-	-
<b>Securities Premium Account</b>			
Opening Balance as per last Balance Sheet	6,780.9	6,044.1	
Add : Additions during the year*	770.9	736.8	
Balance as at the year end	7,551.8	6,780.9	6,044.1
<b>Employees Stock Options Outstanding [Refer note 41 (i)]</b>			
Opening Balance as per last Balance Sheet	1,143.8	620.2	
Add : Amortisation during the year	965.6	726.2	
Less : Exercised during the year	346.4	202.6	
Less : Transfer to General Reserve	25.5	-	
Balance as at the year end	1,737.5	1,143.8	620.2
<b>General Reserve</b>			
Opening Balance as per last Balance Sheet	16,535.2	15,894.4	
Add : Transferred from share based payments	25.5	640.8	
Balance as at the year end	16,560.7	16,535.2	15,894.4
<b>Retained Earnings</b>			
Opening Balance as per last Balance Sheet	85,577.9	66,987.4	
Add : Profit for the year	25,574.6	22,607.4	
Add : Profit on disposal of partial investment in subsidiary [Refer note 45]	-	43.7	
Less : Transferred to Legal Reserve	0.3	-	
Less : Others	13.9	-	
Less : Final Dividend on Equity Shares [Refer note 15 (c)]	3,382.4	3,374.2	
Less : Corporate Tax on Dividend**	688.6	686.4	
Balance as at the year end	107,067.3	85,577.9	66,987.4
<b>Amalgamation Reserve</b>			
Opening and Closing Balance as per last Balance Sheet	317.9	317.9	317.9
<b>Treasury Stock [Refer note 41 (ii)]</b>			
Balance as at the year end	-	-	(270.8)
<b>Other Comprehensive Income</b>			
<b>Foreign Currency Translation Reserve [Refer note 50 (a)]</b>			
Opening Balance as per last Balance Sheet	(124.8)	413.8	
Add / (Less) : Additions during the year	236.1	(538.6)	
Balance as at the year end	111.3	(124.8)	413.8
<b>Cash Flow Hedge Reserve</b>			
Opening Balance as per last Balance Sheet	160.6	435.9	
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding [net of deferred tax of ₹ 83.0 million (31.03.2016 - ₹ 4.3 million, 01.04.2015 - ₹ 34.2 million)]	192.3	(68.2)	
(Less)/ Add : Transferred to the Statement of Profit and Loss	299.9	(207.1)	
Balance as at the year end	652.8	160.6	435.9
<b>Actuarial Gain / (Loss)</b>			
Opening Balance as per last Balance Sheet	(49.4)	-	
(Less) : Additions during the year	(270.1)	(49.4)	
Add : Transferred to Non-Controlling Interest	2.0	-	
Balance as at the year end	(317.5)	(49.4)	-
<b>Total</b>	<b>134,072.5</b>	<b>110,732.5</b>	<b>90,833.3</b>

\* Represents amount received on allotment of 993,900 (31.03.2016 - 1,094,634) Equity Shares of the face value of ₹ 2 each, pursuant to "Lupin Employees Stock Option Plans". [Refer note 41 (i)]

\*\* Represents Corporate Tax on Final Dividend ₹ 688.0 million (previous year ₹ 686.3 million) and on dividend paid for previous year on Equity Shares issued after year end pursuant to ESOPs allotment ₹ 0.6 million (previous year ₹ 0.1 million).



## Nature of Reserves

### a) Capital Reserve

The Capital reserve is created on receipts of government grants for setting up the factories in backward areas for performing research on critical medicines for the betterment of the society and on restructuring of the Capital of the Company under various schemes of Amalgamation.

### b) Capital Redemption Reserve

This reserve represents redemption of redeemable cumulative preference shares in earlier years.

### c) Securities Premium

Securities premium account comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

### d) General Reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the statement of profit and loss.

### e) Amalgamation Reserve

This reserve represents creation of amalgamation reserve pursuant to the scheme of amalgamation between erstwhile Lupin Laboratories Ltd. and the Company.

### f) Cash Flow Hedge Reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for Cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow reserve will be reclassified to statement of profit and loss only when the hedged items affect the profit or loss.

### g) Legal Reserve

This reserve represents appropriation of certain percentage of profit as per the local statutory requirement of one of the subsidiary

### h) Foreign Currency Translation Reserve

This reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

## 17. NON-CURRENT BORROWINGS

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
[Refer note 24]			
<b>Secured</b>			
Term Loans from Banks	0.1	55.2	124.0
Long Term Maturities Of Finance Lease Obligations [Refer note 40]	1.0	0.3	1.0
	1.1	55.5	125.0
<b>Unsecured</b>			
Term Loans from Banks	56,387.8	53,544.9	701.9
Deferred Sales Tax Loan from Government of Maharashtra	16.7	25.1	36.5
Term Loans from Council for Scientific and Industrial Research (CSIR)	61.9	92.8	123.8
Term Loans from Department of Science and Technology (DST)	10.3	20.7	31.1
	56,476.7	53,683.5	893.3
<b>Total</b>	<b>56,477.8</b>	<b>53,739.0</b>	<b>1,018.3</b>

- Secured Term Loans of a subsidiary company located in Brazil carries interest rate in the range of 7.06% to 12.82% p.a. Loan is secured against mortgage of immovable property. Loan of ₹ 3.5 million is repayable till April 29, 2020.
- Unsecured Term Loans of subsidiary companies located in Japan aggregating to ₹ 5,229.8 million carries interest rate in the range of 0.24% to 0.74% p.a. and is guaranteed by the Company / subsidiary of the Company. One loan is repayable in monthly installments of ₹ 5.8 million commencing from April 2017, one loan repayable in monthly installments of ₹ 4.8 million commencing from March 2018, one loan repayable in monthly installments of ₹ 3.9 million commencing from March 2019 and one loan is repayable in quarterly installments aggregating to ₹ 217.5 million till March 2023.
- Unsecured Term Loan of ₹ 43,557.6 million of a subsidiary company located in Switzerland carries fixed interest rate of 0.30% p.a. (paid upfront for average period of 5 years) and a floating interest rate of 0.95% p.a. plus LIBOR. Loan has been guaranteed by the Company. Loan is repayable in three annual installments of ₹ 14,519.2 million starting from May 02, 2020 till May 02, 2022.
- Unsecured Term Loan of ₹ 7,686.7 million of a subsidiary company located in USA carries interest rate of 0.95% plus three month LIBOR rate and has been guaranteed by the Company. The Loan is repayable in annual installment of ₹ 2,594 million commencing from March 31, 2020 till March 31, 2022.
- Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years moratorium year from each such year of deferral period from 1998-99 to 2009-10.
- Term Loans from CSIR carry interest of 3% p.a. and is payable in 3 annual installments of ₹ 30.9 million each alongwith interest.
- Term Loans from DST carry interest of 3% p.a. and is payable in 2 annual installments of ₹ 10.4 million each alongwith interest.
- Finance lease obligations to Financial Institutions represents present value of minimum lease rentals payable and are secured by hypothecation of concerned plant, machinery, equipments and vehicles.
- The Group has not defaulted on repayment of loans and interest during the year.

**18. TRADE PAYABLES**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Trade Payables [Refer note 57]	59.0	127.6	66.3
<b>Total</b>	<b>59.0</b>	<b>127.6</b>	<b>66.3</b>

**19. OTHER NON-CURRENT FINANCIAL LIABILITIES**

Mark to Market Derivative Liabilities	-	-	2.8
Payable for Purchase of Fixed Assets	2.2	8.6	16.7
Payable on purchase of non-current investment	4,708.4	3,484.7	924.9
Employee Benefits Payables	54.2	62.7	72.5
<b>Total</b>	<b>4,764.8</b>	<b>3,556.0</b>	<b>1,016.9</b>

**20. NON-CURRENT PROVISIONS**

Provisions for Employee Benefits [Refer note 26]			
Gratuity [Refer note 42]	1,055.6	683.3	574.0
Retirement Benefits	707.7	671.1	589.1
Compensated Absences	644.3	545.6	457.2
Other Provisions			
Asset Retirement Obligation	31.2	-	-
Others	648.5	-	-
<b>Total</b>	<b>3,087.3</b>	<b>1,900.0</b>	<b>1,620.3</b>

**21. OTHER NON-CURRENT LIABILITIES**

Deferred Revenue	1,073.1	931.5	744.3
Other Payables (Includes Miscellaneous payables etc.)	135.5	161.5	9.9
<b>Total</b>	<b>1,208.6</b>	<b>1,093.0</b>	<b>754.2</b>

## 22. CURRENT BORROWINGS

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>Secured</b>			
Loans from Banks	1,907.3	3,185.4	844.7
	1,907.3	3,185.4	844.7
<b>Unsecured</b>			
Loans from Banks	21,136.0	14,268.7	2,846.8
	21,136.0	14,268.7	2,846.8
<b>Total</b>	<b>23,043.3</b>	<b>17,454.1</b>	<b>3,691.5</b>

- a) Secured Loans aggregating ₹ 970.0 million comprises of Cash Credit, Current Loans, Packing Credit, Post Shipment Credit, Bills Discounted and Overseas Import Credit and are secured by hypothecation of inventories and trade receivables and all other moveable assets, including current assets at godowns, depots, in course of transit or on high seas and a second charge on immovable properties and moveable assets of the Company both present and future. Foreign currency loans carry interest rate at LIBOR plus market driven margin and those in Indian Rupees carry interest rate in the range of 8.25% to 11.70% p.a. It includes foreign currency loans of ₹ 454.0 million.
- b) Secured Loans of ₹ 407.7 million being loans availed by a subsidiary company located in Australia and carries interest rate in the range of 2.66% to 2.91% p.a. and is secured by fixed and floating charge over all assets of the said subsidiary and are guaranteed by the Company.
- c) Secured Loans of ₹ 372.1 million being loans availed by a subsidiary company located in Philippines are secured by way of hypothecation of trade receivables of the said subsidiary and carries interest rate in the range of 2.50% to 3.50% p.a.
- d) Secured Loan of ₹ 41.5 million being loan availed by a subsidiary company located in Brazil are secured by way of hypothecation of trade receivables and immovable property of the said subsidiary and carries interest rate of 21.13% p.a.
- e) Secured Loan of ₹ 116.0 million being loan availed by a subsidiary company located in Japan are secured by way of hypothecation of immovable property of the said subsidiary and carries interest rate of 0.28% p.a.
- f) Unsecured Loans comprise of Current Loans, Packing Credit, Post Shipment Credit, Bills Discounted and Overseas Import Credit. It includes foreign currency Loan of ₹ 3,826.2 million.
- g) Unsecured Loans of ₹ 83.9 million being loans availed by subsidiary company located in Philippines carries interest rate in the range of 2.50% to 3.50% p.a. and are supported by letter of comfort by the Company.
- h) Unsecured Loans aggregating to ₹ 15,304.8 million availed by the subsidiary company located in Japan carries interest rate in the range of 0.28% to 0.38% p.a.
- i) Unsecured Loans of ₹ 500.3 million availed by a subsidiary company located in Germany carries interest rate of 1.10% p.a. and guaranteed by the Company.
- j) Unsecured Loans of ₹ 420.8 million availed by a subsidiary company located in Brazil carries interest rate in the range of 11.83% to 21.13% p.a.
- k) The Group has not defaulted on repayment of loans and interest during the year.

## 23. TRADE PAYABLES

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Acceptances	2,571.7	2,148.6	2,762.0
Other than Acceptances [Refer note 57]	23,317.3	17,739.6	15,115.1
<b>Total</b>	<b>25,889.0</b>	<b>19,888.2</b>	<b>17,877.1</b>

**24. OTHER CURRENT FINANCIAL LIABILITIES**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Current Maturities of Non-Current Borrowings [Refer note 17]			
- Term Loans from Banks	89.7	530.8	600.2
- Current Maturities of Finance Lease Obligations [Refer note 40]	0.4	0.6	10.0
- Deferred Sales Tax Loan from Government of Maharashtra	8.4	9.4	9.9
- Term Loans from CSIR	30.9	30.9	30.9
- Term Loans from DST	10.4	10.4	10.4
Interest Accrued but not due on Borrowings	32.0	14.1	4.0
Unpaid Dividend *	37.5	32.7	26.8
Mark to Market Derivative Liabilities	266.0	25.8	-
Payable for Purchase of Fixed Assets	1,138.0	1,063.8	726.8
Payable on purchase of non-current investment	171.9	2,676.9	5,977.6
Employee Stock Appreciation Rights Outstanding	-	-	473.7
Trade Deposits received	476.4	414.7	433.4
Employee Benefits Payables	3,393.5	4,142.6	1,673.0
Other Payables	8.8	29.6	45.5
(Includes retention money, etc.)			
<b>Total</b>	<b>5,663.9</b>	<b>8,982.3</b>	<b>10,022.2</b>

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**25. OTHER CURRENT LIABILITIES**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Statutory Dues Payables (includes Excise Duty, Provident Fund, Withholding Taxes etc.)	762.4	831.4	616.6
Deferred Revenue	110.6	85.0	67.9
Advances from customers	27.1	111.0	74.6
Other Payables	15.7	3.0	3.6
<b>Total</b>	<b>915.8</b>	<b>1,030.4</b>	<b>762.7</b>

**26. CURRENT PROVISIONS**

Provisions for Employee Benefits [Refer note 20]			
Gratuity [Refer note 42]	291.0	159.7	207.6
Retirement Benefits	115.6	11.9	-
Compensated Absences	499.6	350.6	262.1
Other Provisions			
For Sales Returns [Refer note 53]	3,807.6	1,826.2	1,006.5
<b>Total</b>	<b>4,713.8</b>	<b>2,348.4</b>	<b>1,476.2</b>

## 27. REVENUE FROM OPERATIONS

	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
Sale		
Goods (including excise duty)	170,134.1	136,439.4
Research Services	1,063.9	1,139.3
	171,198.0	137,578.7
Other Operating Revenue		
Export Benefits and Other Incentives	3,480.4	3,495.2
Service Charges	43.5	76.6
Insurance Claims	53.9	76.6
Compensation and Settlement Income	128.3	1,192.3
Miscellaneous Income	39.2	136.0
	3,745.3	4,976.7
<b>Total</b>	<b>174,943.3</b>	<b>142,555.4</b>

## 28. OTHER INCOME

Income on Financial Assets carried at amortised cost		
Interest on Deposits with Banks	108.9	28.8
Other Interest	60.1	54.1
Income on Financial Assets carried at fair value through Profit or loss		
Dividend on Current Investments	489.7	438.0
Dividend on Non-Current Investment from Others	0.1	0.2
Net gain on Sale of Current Investments	7.8	38.1
Net gain on Foreign Currency Transactions	-	883.5
Exchange Rate Difference (net)	71.8	-
Provisions / Credit balances no longer required Written Back	107.3	119.2
Profit on Sale of Fixed Assets (net)	-	118.7
Other Non-Operating Income (including interest on income tax refund)	219.4	171.3
<b>Total</b>	<b>1,065.1</b>	<b>1,851.9</b>

## 29. COST OF MATERIALS CONSUMED

Raw Materials Consumed	24,812.5	23,123.8
Packing Materials Consumed	4,674.1	4,462.9
<b>Total</b>	<b>29,486.6</b>	<b>27,586.7</b>

## 30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

Opening Stock:		
Finished Goods	7,063.5	5,342.8
Stock-in-Trade	11,042.1	7,215.0
Work-in-Process	4,697.9	4,099.1
	22,803.5	16,656.9
Acquired on acquisition:		
Finished Goods	-	259.6
Stock-in-Trade	-	1,368.6
Work-in-Process	-	59.2
	-	1,687.4
Less:		
Closing Stock:		
Finished Goods	8,011.6	7,063.5
Stock-in-Trade	13,264.7	11,042.1
Work-in-Process	4,906.0	4,697.9
	26,182.3	22,803.5
Changes In Inventories:		
Finished Goods	(948.1)	(1,461.1)
Stock-in-Trade	(2,222.6)	(2,458.5)
Work-in-Process	(208.1)	(539.6)
<b>Total</b>	<b>(3,378.8)</b>	<b>(4,459.2)</b>

**31. EMPLOYEE BENEFITS EXPENSE**

	<b>For the Current Year ended 31.03.2017 ₹ in million</b>	For the Previous Year ended 31.03.2016 ₹ in million
Salaries and Wages	23,853.8	17,576.3
Contribution to Provident and Other Funds	1,953.9	1,542.3
Retirement Benefits Expense	134.8	130.0
Share based payment expense [Refer note 41]	965.6	837.7
Staff Welfare Expenses	1,587.1	1,329.9
<b>Total</b>	<b>28,495.2</b>	<b>21,416.2</b>

**32. FINANCE COSTS**

Interest on Financial Liabilities - borrowings carried at amortised cost	1,121.2	227.2
Net Interest on net defined benefit liabilities	115.2	97.7
Other Borrowing Costs (includes bank charges, etc.)	276.5	191.7
Interest on Income Tax	12.4	78.1
<b>Total</b>	<b>1,525.3</b>	<b>594.7</b>

**33. OTHER EXPENSES**

Processing Charges	1,614.4	1,320.5
Stores and Spares Consumed	6,018.3	4,765.8
Repairs and Maintenance:		
- Buildings	499.6	357.6
- Plant and Machinery	1,303.3	929.2
- Others	1,480.0	1,115.8
Rent	504.7	452.7
Rates and Taxes	1,829.5	1,503.8
Insurance	541.7	487.2
Power and Fuel	3,778.6	3,812.7
Contract Labour Charges	1,520.4	1,292.5
Excise Duty (net) [Refer note 51]	1,269.5	1,239.3
Selling and Promotion Expenses	7,408.1	5,584.1
Commission, Brokerage and Discount	1,198.6	1,333.7
Freight and Forwarding	1,914.2	1,785.1
Lease Rent and Hire Charges [Refer note 40]	1,295.0	953.7
Postage and Telephone Expenses	642.9	400.1
Travelling and Conveyance	2,776.3	2,240.3
Legal and Professional Charges	5,445.3	5,329.4
[Net of recoveries of ₹ nil (previous year ₹ 81.2 million)]		
Donations	78.4	77.1
Clinical and Analytical Charges	5,591.8	3,415.7
Loss on Sale / Write-off of Fixed Assets (net)	75.6	-
Bad Trade Receivables / Deposits written off	50.7	41.0
[Net of provision of earlier years adjusted ₹ 268.7 million (previous year ₹ 24.3 million)]		
Provision for Doubtful Trade Receivables / Advances (net)	160.9	142.5
Provision for Impairment of Intangible Assets Under Development [Refer note 52]	106.2	57.2
Excess of carrying cost over fair value of current investments (net)	12.5	28.1
Corporate Social Responsibility Expenses [Refer note 54]	196.8	205.1
Directors Sitting Fees	1.2	1.7
Net loss on Foreign Currency Transactions	799.0	-
Exchange Rate Difference (net)	-	342.4
Compensation and Settlement Expenses	2,032.9	590.9
Miscellaneous Expenses	1,356.0	1,154.8
<b>Total</b>	<b>51,502.4</b>	<b>40,960.0</b>

34. The Consolidated Financial Statements present the consolidated accounts of Lupin Limited (“the Company”) and its following subsidiaries and its jointly controlled entity (“the Group”):

Name of Subsidiaries / Jointly controlled entity	Country of Incorporation	Proportion of Ownership Interest	
		As at 31.03.2017	As at 31.03.2016
Lupin Pharmaceuticals, Inc.	USA	100% <sup>1</sup>	100% <sup>1</sup>
Kyowa Pharmaceutical Industry Co., Limited	Japan	99.82% <sup>2</sup>	99.82% <sup>2</sup>
Kyowa CritiCare Co., Limited	Japan	99.82% <sup>3</sup>	99.82% <sup>3</sup>
Hormosan Pharma GmbH	Germany	100% <sup>2</sup>	100% <sup>2</sup>
Pharma Dynamics (Proprietary) Limited	South Africa	100% <sup>2</sup>	100% <sup>2</sup>
Lupin Australia Pty Limited	Australia	100%	100%
Lupin Holdings B.V.	Netherlands	100%	100%
Lupin Atlantis Holdings SA	Switzerland	100%	100%
Multicare Pharmaceuticals Philippines Inc.	Philippines	51% <sup>2</sup>	51% <sup>2</sup>
Generic Health Pty Limited	Australia	100% <sup>2</sup>	100% <sup>2</sup>
Bellwether Pharma Pty Limited	Australia	100% <sup>4</sup>	100% <sup>4</sup>
Lupin (Europe) Limited	UK	100% <sup>5</sup>	100% <sup>5</sup>
Lupin Pharma Canada Limited	Canada	100% <sup>5</sup>	100% <sup>2</sup>
Lupin Healthcare Limited	India	100%	100%
Lupin Mexico S.A. de C.V.	Mexico	100% <sup>2</sup>	100% <sup>2</sup>
Lupin Philippines Inc.	Philippines	100% <sup>2</sup>	100% <sup>2</sup>
Generic Health SDN. BHD.	Malaysia	100% <sup>2</sup>	100% <sup>2</sup>
Lupin Middle East FZ-LLC	UAE	100% <sup>5</sup>	100% <sup>5</sup>
Lupin GmbH	Switzerland	100% <sup>5</sup>	100% <sup>5</sup>
Lupin Inc.	USA	100% <sup>5</sup>	100% <sup>5</sup>
Lupin Farmaceutica do Brasil LTDA (upto December 31, 2015)	Brazil	-	-
Nanomi B.V.	Netherlands	100% <sup>5</sup>	100% <sup>5</sup>
Laboratorios Grin S.A. de C.V.	Mexico	100% <sup>5</sup>	100% <sup>5</sup>
Medquímica Indústria Farmacêutica LTDA (from June 24, 2015)	Brazil	100% <sup>5</sup>	100% <sup>5</sup>
Lupin Pharma LLC (from February 11, 2016)	Russia	100% <sup>6</sup>	100% <sup>6</sup>
Gavis Pharmaceuticals, LLC (from March 8, 2016)	USA	100% <sup>7</sup>	100% <sup>7</sup>
VGS Holdings, Inc. (from March 8, 2016 and upto February 24, 2017)	USA	-	100% <sup>7</sup>
Novel Laboratories, Inc. (from March 8, 2016)	USA	100% <sup>7</sup>	100% <sup>7</sup>
Novel Clinical Research (India) Pvt. Ltd. (from March 8, 2016)	India	100%	100% <sup>8</sup>
Edison Therapeutics LLC (from March 8, 2016 and upto February 24, 2017)	USA	-	100% <sup>9</sup>
Lupin Research Inc. (from March 8, 2016)	USA	100% <sup>7</sup>	100% <sup>7</sup>
YL Biologics Limited	Japan	45% <sup>10</sup>	45% <sup>10</sup>
Lupin Ukraine LLC (from July 6, 2016)	Ukraine	100% <sup>6</sup>	-
Lupin Latam, Inc. (from December 15, 2016)	USA	100% <sup>5</sup>	-
Lupin Japan & Asia Pacific K.K. (from March 13, 2017)	Japan	100% <sup>5</sup>	-

<sup>1</sup> 97% interest held through Lupin Inc., USA.

<sup>2</sup> Ownership interest held through Lupin Holdings B.V., Netherlands.

<sup>3</sup> Ownership interest held through Kyowa Pharmaceutical Industry Co., Limited, Japan.

<sup>4</sup> Wholly owned subsidiary of Generic Health Pty Limited, Australia.

<sup>5</sup> Ownership interest held through Lupin Atlantis Holdings SA, Switzerland.

<sup>6</sup> Ownership interest held through Lupin Atlantis Holdings SA, Switzerland and Lupin Holdings B.V., Netherlands

<sup>7</sup> Wholly owned subsidiaries of Lupin Inc., USA

<sup>8</sup> Wholly owned subsidiary of Novel Laboratories Inc., USA

<sup>9</sup> Wholly owned subsidiary of Gavis Pharmaceuticals LLC, USA

<sup>10</sup> Jointly Controlled Entity of Lupin Atlantis Holdings SA, Switzerland (with Yoshindo Inc, Japan having 55% of share of interest).



**35. Commitments:**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, Tangible assets ₹ 5396.1 million (31.03.2016 - previous year ₹ 4832.5 million, 01.04.2015 - ₹ 2459.7 million) and Intangible assets ₹ 667.9 million (31.03.2016 - ₹ 123.9 million, 01.04.2015 - ₹ 65.2 million).
- b) Other commitments – Non-cancellable operating and finance leases (Refer note 48).
- c) There are no capital commitments at the jointly controlled entity of the Group as at 31.03.2017.
- d) The Group is committed to operationally, technically and financially support the operations of its subsidiaries.
- e) Dividends proposed of ₹ 7.5 per equity share before the financial statements approved for issue, but not recognised as a liability in the financial statements is ₹ 3386.8 million (31.03.2016 - ₹ 3379.4 million, 01.04.2015 - ₹ 3371.2 million).

**36. Contingent Liabilities:**

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
a) Income tax demands / matters on account of deductions / disallowances for earlier years, pending in appeals [including ₹ 284.9 million (31.03.2016 - ₹ 44.3 million, 01.04.2015 - ₹ 49.7 million) consequent to department preferring appeals against the orders of the Appellate Authorities passed in favour of the Company].  Amount paid there against and included under "Current Tax Assets (Net)" ₹ 264.8 million (31.03.2016 - ₹ nil, 01.04.2015 - ₹ nil) and "Non-current Tax Assets (Net)" ₹ 146.9 million (31.03.2016 - ₹ 115.1 million, 01.04.2015 - ₹ 55.4 million).	1125.6	825.2	826.4
b) Customs duty, Excise duty, Service tax and Sales tax demands, for input tax credit disallowances and demand for Entry Tax are in appeals and pending decisions. Amount paid there against and included under note 12 "Current Loans" ₹ 23.6 million (31.03.2016 - ₹ 23.2 million, 01.04.2015 - ₹ 28.5 million) and under note 4 "Non-Current Loans" ₹ nil (31.03.2016 - ₹ nil, 01.04.2015 - ₹ 2.5 million).	155.6	292.5	377.0
c) Claims against the Company not acknowledged as debts (excluding interest where the amount is unascertainable) for transfer charges of land, octroi duty, local body tax, employee claims, power, trade marks, pricing, indemnity, stamp duty and price reported under Medicaid for one subsidiary. Amount paid there against without admitting liability and included under note 12 "Current Loans" ₹ 118.1 million (31.03.2016 - ₹ 12.3 million, 01.04.2015 - ₹ 12.3 million).	5354.8	6218.1	6378.7
d) During the year ended 31.03.2015, the Company received a notice from the European Commission for alleged breach of the EU Antitrust Rules, whereby it has sought to levy a fine of Euro 40.0 million (₹ 2771.7 million) on the Company in respect of an agreement entered into by the Company with Laboratories Servior, France, for sale of certain patent applications and IPs for the product Perindopril which the European Commission considered as anti-competitive. The Company, based on facts of the matter and legal advice received does not agree with the said notice / demand and is of the view that it has a strong case to defend itself. Accordingly, the Company has filed an appeal before the European General Court. A bank guarantee (excluding interest) of Euro 40.0 million equivalent to ₹ 2771.7 million (31.03.2016 - Euro 40.0 million equivalent to ₹ 3015.8 million, 01.04.2015 - Euro 40.0 million equivalent to ₹ 2687.6 million) has been furnished to the European Commission.			

There are no contingent liabilities at the jointly controlled entity of the Group as at 31.03.2017.

Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities. The Group does not expect the outcome of the matters stated above to have a material adverse impact on the Group's financial condition, results of operations or cash flows.

The Group does not envisage any likely reimbursements in respect of the above.

The Group is involved in various legal proceedings, including claims against the Group pertaining to Income tax, Excise, Customs, Sales/VAT tax, product liability related claims, employment claims and other regulatory matters relating to conduct of its business. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability where applicable, in the Consolidated Financial Statements. The Group carries product liability insurance policy with an amount it believes is sufficient for its needs. In respect of other claims, the Group believes, these claims do not constitute material litigation matters and with its meritorious defences, the ultimate disposition of these matters will not have material adverse effect on its Consolidated Financial Statements.

37. Pre-operative expenses pending capitalisation included in Capital Work-In-Progress (Refer note 2) represent direct attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same will be capitalised on completion of projects and commencement of commercial operations. The details of the pre-operative expenses are:

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Opening balance	231.3	241.0
Incurring during the year:		
Salaries, allowances and contribution to funds	145.4	97.1
Legal and Professional Charges	1.7	2.4
Travelling and Conveyance	18.5	17.2
Power and fuel	150.0	-
Others	69.9	41.9
Total incurred during the year	385.5	158.6
Less: Capitalised during the year	343.8	168.3
Closing balance	<b>273.0</b>	<b>231.3</b>

### 38. Operating Segments:

#### A. Basis for segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

#### B. Geographic information

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

##### a) Revenue from external customers

Particulars	Year ended 31.03.2017 ₹ in million	Year ended 31.03.2016 ₹ in million
India	42941.7	39980.7
USA	81449.2	59754.2
Japan	17955.8	13699.8
Others	32596.6	29119.7
	<b>174943.3</b>	<b>142554.4</b>

##### b) Non-current assets (other than financial instruments and deferred tax assets)

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
India	37994.5	32435.5	27663.1
USA	17964.5	15006.8	710.1
Japan	24071.9	11448.3	8549.0
Others	61259.5	65037.4	15052.2
	<b>141290.4</b>	<b>123928.0</b>	<b>51974.4</b>

#### C. Major customer

Revenue from one customer based in USA represented ₹ 13570.6 million (previous year ₹ 12749.3 million) out of the Group's total revenues.

**39. Basic and Diluted Earnings per Share is calculated as under:**

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Net Profit after non-controlling interest attributable to equity shareholders (₹ in million)	25574.6	22607.4
Weighted average number of Equity Shares:		
- Basic	451121270	450112397
Add : Effect of dilutive issue of employees stock options (ESOPs) - converted during the year and ESOPs outstanding as at the year end	1845914	2664767
- Diluted	452967184	452777164
Earnings per Share (in ₹)		
- Basic	56.69	50.25
- Diluted	56.46	49.96

40. a) The Group procures equipments, vehicles and office premises under operating leases. The initial tenure of the lease is generally between 12 months to 60 months. The lease rentals recognised in the Consolidated Statement of Profit and Loss (Refer note 33) for the year are ₹ 1208.9 million (previous year ₹ 835.5 million). The contingent rent recognised in the Statement of Profit and Loss for the year is ₹ nil (previous year ₹ nil). The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Not later than one year	937.9	821.5	517.2
Later than one year but not later than five years	2267.9	1937.7	845.3
Later than five years	341.0	259.8	229.3
<b>Total</b>	<b>3546.8</b>	<b>3019.0</b>	<b>1591.8</b>

- b) Subsidiary companies in Japan and South Africa have future obligations under finance lease for procurement of Plant and Equipment and Vehicles which are payable as under:

Particulars	As at 31.03.2017		
	Present Value of minimum lease payment	Future Interest Cost	Minimum lease payment
Not later than one year	0.4	0.1	0.5
Later than one year but not later than five years	1.0	0.1	1.1
Later than five years	-	-	-
<b>Total</b>	<b>1.4</b>	<b>0.2</b>	<b>1.6</b>

(₹ in million)

Particulars	As at 31.03.2016		
	Present Value of minimum lease payment	Future Interest Cost	Minimum lease payment
Not later than one year	0.6	0.1	0.7
Later than one year but not later than five years	0.3	-	0.3
Later than five years	-	-	-
<b>Total</b>	<b>0.9</b>	<b>0.1</b>	<b>1.0</b>

(₹ in million)

Particulars	As at 01.04.2015		
	Present Value of minimum lease payment	Future Interest Cost	Minimum lease payment
Not later than one year	10.0	0.6	10.6
Later than one year but not later than five years	1.0	0.1	1.1
Later than five years	-	-	-
<b>Total</b>	<b>11.0</b>	<b>0.7</b>	<b>11.7</b>

The parent company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. These arrangements do not involve any material recurring payments, hence other disclosures are not given.

#### 41. Share-based payment arrangements:

##### i) Employee stock options - equity settled

The Company implemented "Lupin Employees Stock Option Plan 2003" (ESOP 2003), "Lupin Employees Stock Option Plan 2005" (ESOP 2005), "Lupin Subsidiary Companies Employees Stock Option Plan 2005" (SESOP 2005), "Lupin Employees Stock Option Plan 2011" (ESOP 2011), "Lupin Subsidiary Companies Employees Stock Option Plan 2011" (SESOP 2011), "Lupin Employees Stock Option Plan 2014" (ESOP 2014) and "Lupin Subsidiary Companies Employees Stock Option Plan 2014" (SESOP 2014) in earlier years, as approved by the Shareholders of the Company and the Nomination and Remuneration Committee of the Board of Directors (the Committee).

The Committee determines which eligible employees will receive options, the number of options to be granted, the vesting period and the exercise period. The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each. The options issued under the above schemes vest in a phased manner after completion of the minimum period of one year with an exercise period of ten years from the respective grant dates.

##### Category A - Fair Market Value Options (comprising of options granted under ESOP 2003, ESOP 2005, SESOP 2005, ESOP 2011, SESOP 2011, ESOP 2014 and SESOP 2014)

				Current Year
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	3371309	86-2037.5	796.9	6.6
Add : Options granted during the year	1357195	1441-1521.7	1495.2	9.4
Less : Options lapsed during the year	319230	414-2037.5	1361.9	NA
Less : Options exercised during the year	868512	86-1368.1	490.9	NA
Options outstanding at the year end	3540762	114.6-2037.5	1088.7	7.3
Exercisable at the end of the period	1571038	114.6-2037.5	753.7	5.6
				Previous Year
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	4480135	86-1563	713.5	7.4
Add : Options granted during the year	115950	891.5-2037.5	2037.5	9.0
Less : Options lapsed during the year	170322	455.7-2037.5	1232.9	NA
Less : Options exercised during the year	1054454	86-1368.1	508.6	NA
Options outstanding at the year end	3371309	86-2037.5	796.9	6.6
Exercisable at the end of the period	1826105	86-1563	567.0	5.5

The weighted average grant date fair value of fair market value options granted under Category A during the years ended March 31, 2017 and 2016 was ₹ 494.7 and ₹ 782.0 per option, respectively.

**Category B - Par Value Options (comprising of options granted under ESOP 2014)**

Current Year				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	696073	2.0	2.0	9.3
Add : Options granted during the year	533693	2.0	2.0	9.5
Less : Options lapsed during the year	43934	2.0	2.0	NA
Less : Options exercised during the year	125388	2.0	2.0	NA
Options outstanding at the year end	1060444	2.0	2.0	8.9
Exercisable at the end of the period	75650	2.0	2.0	8.2

Previous Year				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	254239	2.0	2.0	9.7
Add : Options granted during the year	496602	2.0	2.0	9.5
Less : Options lapsed during the year	14588	2.0	2.0	NA
Less : Options exercised during the year	40180	2.0	2.0	NA
Options outstanding at the year end	696073	2.0	2.0	9.3
Exercisable at the end of the period	22155	2.0	2.0	8.6

The weighted average grant date fair value of par value options granted under Category B during the years ended March 31, 2017 and 2016 was ₹ 1417.60 and ₹ 1981.20 per option, respectively.

**Category C - Discounted Fair Market Value Options (comprising of options granted under ESOP 2003, ESOP 2005 and ESOP 2011)**

Current Year				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	100000	724.7-891.5	808.1	9.1
Add : Options granted during the year	50000	720.5	720.5	9.6
Less : Options lapsed during the year	-	-	-	NA
Less : Options exercised during the year	-	-	-	NA
Options outstanding at the year end	150000	720.5-891.5	778.9	8.6
Exercisable at the end of the period	100000	724.7-891.5	808.1	3.8

Previous Year				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	50000	724.7	724.7	9.6
Add : Options granted during the year	50000	891.5	891.5	9.6
Less : Options lapsed during the year	-	-	-	NA
Less : Options exercised during the year	-	-	-	NA
Options outstanding at the year end	100000	724.7-891.5	808.1	9.1
Exercisable at the end of the period	50000	724.7	724.7	8.6

The weighted average grant date fair value of discounted fair market value options granted under Category C during the years ended March 31, 2017 and 2016 was ₹ 808.8 and ₹ 1068.6 per option, respectively.

The weighted average share price during the year ended March 31, 2017 and 2016 was ₹ 1516.01 and ₹ 1813.62 per share respectively.

## Valuation of stock options

The fair value of stock options granted during the period has been measured using the Black-Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. The key inputs and assumptions used are as follows:

**Share price:** The closing price on NSE as on the date of grant has been considered for valuing the options granted.

**Exercise Price:** Exercise Price is the market price or face value or such other price as determined by the Remuneration and Compensation Committee.

**Expected Volatility:** The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.

**Expected Option Life:** Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.

**Expected dividends:** Expected dividend yield has been calculated as an average of dividend yields for four years preceding the date of the grant.

**Risk free interest rate:** The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.

These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years. The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

The weighted average inputs used in computing the fair value of options granted were as follows:

### Weighted average information – 2016-17

Category	Grant date	Exercise price	Risk free rate (%)	Expected life (years)	Expected Volatility (%)	Dividend yield (%)	Weighted average share price	Weighted Option Fair Value
A	April 01, 2016	1479.3	7.8	4.5	30.6	0.7	1464.9	533.2
A	April 01, 2016	1479.3	7.8	3.8	27.0	0.7	1464.9	450.8
A	April 01, 2016	1479.3	7.8	4.5	30.6	0.7	1464.9	533.2
A	April 01, 2016	1479.3	7.8	3.8	27.0	0.7	1464.9	450.8
B	August 25, 2016	2.0	7.3	3.5	27.3	0.6	1522.2	1489.0
A	August 25, 2016	1521.7	7.3	3.8	27.1	0.6	1522.2	467.2
A	August 25, 2016	1521.7	7.4	4.5	30.4	0.6	1522.2	552.2
A	August 25, 2016	1521.7	7.3	3.8	27.1	0.6	1522.2	467.2
A	August 25, 2016	1521.7	7.4	4.5	30.4	0.6	1522.2	552.2
B	January 03, 2017	2.0	7.3	3.5	28.5	0.6	1505.5	1472.7
A	January 03, 2017	1505.8	7.4	4.5	27.2	0.6	1505.5	515.9
A	January 03, 2017	1505.8	7.4	4.5	27.2	0.6	1505.5	515.9
A	January 24, 2017	1483.3	7.4	4.5	27.1	0.6	1504.7	524.1
B	June 9, 2016	2.0	7.3	3.5	27.4	0.6	1427.2	1396.0
C	November 16, 2016	720.5	7.3	3.0	27.7	0.6	1407.1	808.8
A	November 16, 2016	1441.0	7.4	4.5	30.6	0.6	1407.5	498.3
B	November 16, 2016	2.0	7.3	3.5	27.3	0.6	1407.5	1376.6

Category	Weighted Average Option Fair Value	Weighted Average Share Price
A	494.7	1488.8
B	1417.6	1449.3
C	808.8	1407.1

**Weighted average information – 2015-16**

Category	Grant date	Exercise price	Risk free rate (%)	Expected life (years)	Expected Volatility (%)	Dividend yield (%)	Weighted average share price	Weighted Option Fair Value
A	November 19, 2015	891.5	7.8	3.0	23.1	0.7	1807.6	1068.6
A	April 02, 2015	2037.5	7.8	4.5	33.0	0.7	2037.5	782.0
B	August 07, 2015	2.0	7.8	4.5	33.0	0.7	1694.4	1643.5
B	October 07, 2015	2.0	7.8	4.5	33.0	0.7	2065.7	2003.8
B	October 13, 2015	2.0	7.8	4.5	33.0	0.7	2028.3	1967.5
B	December 08, 2015	2.0	7.8	4.5	33.0	0.7	1804.0	1750.2
B	January 07, 2016	2.0	7.8	4.5	33.0	0.7	1717.5	1665.9
B	February 02, 2016	2.0	7.8	4.5	33.0	0.7	1705.8	1654.5
A	April 02, 2015	2037.5	7.8	4.5	33.0	0.7	2037.5	782.0

Category	Weighted Average Option Fair Value	Weighted Average Share Price
A	782.0	2037.5
B	1981.2	2042.3
C	1068.6	1807.6

**ii) Share appreciation rights - cash-settled**

During the years 2011-12 and 2012-13, the Company granted Stock Appreciation Rights ("SARs") to certain eligible employees in accordance with Lupin Employees Stock Appreciation Rights Scheme 2011 ("LESARs 2011") approved by the Board of Directors (Board) at their Board Meeting held on September 13, 2011. Under the Scheme, eligible employees are entitled to receive appreciation in value of shares on completion of the vesting period.

The Scheme is administered through the Lupin Employees Benefit Trust ("Trust") as settled by the Company. The Trust is administered by an independent Trustee. At the end of the vesting period of 3 years, the equity shares will be sold in the market by the Trust and the appreciation on the same (if any) will be distributed to the said employees, subject to vesting conditions.

The Company has been submitting required details with stock exchanges in terms of the circulars issued by SEBI in this regard. SEBI vide its circular no. CIR/CFD/POLICYCELL/3/2014 dated June 27, 2014 had extended the timelines for alignment of the Scheme till the new regulations are notified, continuing the prohibition on acquiring securities from the secondary market.

The new regulation viz: Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the Regulation') was notified on October 28, 2014, pursuant to which the existing schemes are to be aligned within one year of the effective date of the Regulation. During the previous year, the Trust had distributed the benefits of SARs to the eligible employees in terms of LESARs 2011 and had not acquired any shares from the secondary market.

As approved by the Board, the Company had, prior to the SEBI circular no. CIR/CFD/DIL/3/2013 dated January 17, 2013 advanced an interest free loan to the Trust during the years 2011-12 and 2012-13 to acquire appropriate number of Equity Shares of the Company from the market on the grant date of SARs and the loan outstanding as at the Balance Sheet date was ₹ nil (31.03.2016 - ₹ nil, 01.04.2015 - ₹ 251.3 million) and treasury shares outstanding as at the balance sheet date was ₹ nil (31.03.2016 - ₹ nil, 01.04.2015 - ₹ 207.8 million).

Particulars	Previous Year			
	Number of rights	Range of purchase prices (₹)	Weighted average purchase price (₹)	Weighted average remaining contractual life (Yrs)
Rights outstanding at the beginning of the year	408592	517.3-620	575.5	0.6
Add : Rights granted during the year	-	-	-	-
Less : Rights lapsed during the year	7103	NA	574.4	NA
Less : Rights redeemed during the year	401489	NA	575.8	NA
Rights outstanding at the year end	-	-	-	-
Exercisable at the end of the period	-	-	-	-



## 42. Post-Employment Benefits:

### (i) Defined Contribution Plans:

The Group makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Group recognised ₹ 787.6 million (previous year ₹ 635.5 million) for superannuation contribution and other retirement benefit contribution in the Consolidated Statement of Profit and Loss.

The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

The Company recognised ₹ 231.9 million (previous year ₹ 199.9 million) for provident and pension fund contributions in the Consolidated Statement of Profit and Loss.

### (ii) Defined Benefit Plan:

#### a) The Company

A) The Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:

i) 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.

ii) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

In addition to the above mentioned scheme, the Company also pays additional gratuity as an ex-gratia and the said amount is provided as non-funded liability based on actuarial valuation.

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. 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.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date.

Sr. No.	Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
		As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million
<b>I)</b>	<b>Reconciliation in present value of obligations ('PVO') – defined benefit obligation:</b>				
	Current service cost	124.1	111.1	90.9	65.2
	Past service cost	-	-	-	-
	Interest cost	75.6	64.3	50.9	44.6
	Actuarial loss / (gain)				
	- Due to demographic assumption	-	-	-	-
	- Due to finance assumption	32.2	25.8	43.6	9.8
	- Due to experience assumption	72.8	25.4	251.6	(10.3)
	Benefits paid	(83.5)	(80.6)	-	-
	PVO at the beginning of the year	1014.4	868.4	683.3	574.0
	PVO at the end of the year	1235.6	1014.4	1120.3	683.3
<b>II)</b>	<b>Change in fair value of plan assets:</b>				
	Expected return on plan assets	11.7	10.6	-	-
	Interest Income	63.7	56.3	-	-
	Contributions by the employer	162.7	207.6	-	-
	Benefits paid	(83.5)	(80.6)	-	-
	Fair value of plan assets at the beginning of the year	854.7	660.8	-	-
	Fair value of plan assets at the end of the year	1009.3	854.7	-	-
<b>III)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>				
	PVO at the end of the year	1235.6	1014.4	1120.3	683.3
	Fair Value of plan assets at the end of the year	1009.3	854.7	-	-
	Funded status	(226.3)	(159.7)	(1120.3)	(683.3)
	Unrecognised actuarial gain / (loss)	-	-	-	-
	Net liability recognised in the Consolidated Balance Sheet	(226.3)	(159.7)	(1120.3)	(683.3)

Sr. No.	Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
		As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million
<b>IV)</b>	<b>Expense recognised in the Consolidated Statement of Profit and Loss:</b>				
	Current service cost	124.1	111.1	90.9	65.2
	Past service cost	-	-	-	-
	Interest cost	11.9	8.1	50.9	44.6
	Total expense recognised in the Consolidated Statement of Profit and Loss	136.0*	119.2	141.8*	109.8
<b>V)</b>	<b>Other Comprehensive Income</b>				
	Actuarial loss / (gain)				
	- Due to demographic assumption	-	-	-	-
	- Due to finance assumption	32.2	25.8	43.6	9.7
	- Due to experience assumption	72.8	25.4	251.6	(10.3)
	Return on plan assets excluding net interest	(11.7)	(10.6)	-	-
	Total amount recognised in OCI	93.3	40.6	295.2	(0.6)
<b>VI)</b>	<b>Category of assets as at the end of the year:</b>				
	Insurer Managed Funds (100%) (Fund is Managed by LIC as per Insurance Regulatory and Development Authority guidelines, category-wise composition of the plan assets is not available)	1009.3	854.7	NA	NA
<b>VII)</b>	<b>Actual return on the plan assets:</b>	75.4	66.9	NA	NA
<b>VIII)</b>	<b>Assumptions used in accounting for the gratuity plan:</b>				
	Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2006-08			
	Discount rate (%)	7.4	7.5	7.4	7.5
	Salary escalation rate (%)	9.0 for first year and 6.0 thereafter	6.0	9.0 for first year and 6.0 thereafter	6.0
	Average Remaining Service (years)	12.4	11.0	12.4	11.0
	Employee Attrition Rate (%)				
	Up to 5 years	15.0	15.0	15.0	15.0
	Above 5 years	5.0	5.0	5.0	5.0
<b>IX)</b>	<b>Estimate of amount of contribution in immediate next year</b>	222.4	159.7	NA	NA

\* ₹ 35.0 million capitalised as pre-operative expenses, out of above amount.

**X)****(₹ in million)**

Gratuity (Funded)	Year Ended				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Experience adjustment					
- On plan liabilities	72.8	25.4	(15.3)	32.6	6.1
- On plan assets	-	-	2.0	4.2	0.1
Present value of benefit obligation	1235.6	1014.4	868.4	652.4	594.9
Fair value of plan assets	1009.3	854.7	660.8	580.9	469.4
Excess of (obligation over plan assets) / plan assets over obligation	(226.3)	(159.7)	(207.6)	(71.5)	(125.5)

**XI) Expected future benefit payments****(₹ in million)**

Particulars	As at 31.03.2017
1 year	404.1
2 to 5 years	817.0
6 to 10 years	959.8
More than 10 years	2926.2

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

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)**

Gratuity (Funded)	2016-2017		2015-2016	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	206.1	(177.9)	125.7	(110.6)
Future salary growth (1% movement)	(181.1)	206.2	(108.7)	122.5

- B) The provident fund plan of the Company, except at two plants, is operated by "Lupin Limited Employees Provident Fund Trust" ("Trust"). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government of India. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Board of Trustees administer the contributions made by the Company to the schemes and also defines the investment strategy.

The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Plan in accordance with Ind AS 19 "Employee Benefits". As per the Guidance Note from the Actuarial Society of India, the Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund as at March 31, 2017 and based on the same, there is no shortfall towards interest rate obligation.

**b) Kyowa Pharmaceutical Industry Co., Limited, Japan**

The Group's subsidiary at Japan has retirement plan to cover all its employees. The plan consist of a defined benefit non funded pension plan (referred as "plan").

Under the plan, employees are entitled to benefits based on length of service, employment grades and certain other factors at the time of retirement or termination.

The most recent actuarial valuation of the present value of the defined benefit obligation for retirement benefits were carried out as at March 31, 2017. 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.

Retirement allowances for directors are provided for liability of the amount that would be required if all directors retired at the balance sheet date.

The following table sets out the status of the retirement plan and the amounts recognised in the Group's financial statements as at balance sheet date:

Sr. No.	Particulars	Lump sum Retirement Benefits (non funded)	
		As on 31.03.2017 ₹ in million	As on 31.03.2016 ₹ in million
<b>I)</b>	<b>Reconciliation in present value of obligations ('PVO') – defined benefit obligation:</b>		
	Current service cost	28.0	20.3
	Past service cost	-	-
	Interest cost	0.8	1.1
	Actuarial loss / (gain)		
	- Due to Demographic Assumption	(0.3)	0.8
	- Due to Finance Assumption	(9.8)	7.8
	- Due to Experience	4.9	2.4
	Benefits paid	(2.6)	(3.6)
	Foreign exchange translation difference	(4.6)	21.7
	PVO at the beginning of the year	197.0	146.6
	PVO at the end of the year	213.4	197.0
<b>II)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of the year	213.4	197.0
	Fair Value of plan assets at the end of the year	-	-
	Funded status	(213.4)	(197.0)
	Unrecognised actuarial gain / (loss)	-	-
	Net liability recognised in the Consolidated Balance Sheet	(213.4)	(197.0)
<b>III)</b>	<b>Expense recognised in the Consolidated Statement of Profit and Loss:</b>		
	Current service cost	28.0	20.3
	Past service cost	-	-
	Net interest	0.8	1.1
	Total expense recognised in the Consolidated Statement of Profit and Loss	28.8	21.4
<b>IV)</b>	<b>Other Comprehensive Income:</b>		
	Actuarial loss / (gain) recognised for the period		
	- Due to Demographic Assumption	(0.3)	0.8
	- Due to Finance Assumption	(9.8)	7.8
	- Due to Experience	4.9	2.4
	Return on plan assets excluding net interest	-	-
	Total amount recognised in OCI	(5.2)	11.0
<b>V)</b>	<b>Assumptions used in accounting for the retirement benefit plan:</b>		
	Mortality (%)	Rate stipulated in the Financial Management Standard of the Employees' Pension Fund	
	Discount rate (%)	0.7	0.4
	Salary escalation rate (%)	NA	NA
	Average Remaining Service (years)	14.8	15.3
	Employee attrition rate (%)	From 0.3 to 5.9 depending on age bracket	From 1.4 to 6.3 depending on age bracket

## VI)

(₹ in million)

	Year Ended				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Experience adjustment					
- On plan liabilities	4.9	2.4	7.8	3.9	1.3
- On plan assets	-	-	-	-	-
Present value of benefit obligation	213.4	197.0	146.6	138.5	113.4
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	(213.4)	(197.0)	(146.6)	(138.5)	(113.4)

## VII) Expected future benefit payments

(₹ in million)

Particulars	As at 31.03.2017
First year	21.1
Second year	12.6
Third year	10.1
Fourth year	9.4
Fifth year	14.7
Beyond five years	105.3

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)

	2016-2017		2015-2016	
	Increase	Decrease	Increase	Decrease
Discount Rate (0.25% movement)	7.3	(7.6)	7.1	(7.4)
Future salary growth (%)	NA	NA	NA	NA

Liability of lump sum retirement benefit as above along with liability for retirement benefits of directors ₹ 37.4 million (31.03.2016 - ₹ 27.6 million, 01.04.2015 - ₹ 20.4 million) is shown under "Non-Current Provisions" (Refer note 20).

## c) Kyowa CritiCare Co., Limited, Japan

The Group's another subsidiary at Japan has retirement plan to cover its employees.

Under the plan, employees are entitled to benefits based on length of service and certain other factors at the time of retirement or termination.

The most recent actuarial valuation of the present value of the defined benefit obligation for retirement benefits were carried out as at March 31, 2017. 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 retirement plan and the amounts recognised in the Group's financial statements as at balance sheet date:

Sr. No.	Particulars	Lump sum Retirement Benefits (non funded)	
		As on 31.03.2017 ₹ in million	As on 31.03.2016 ₹ in million
<b>I)</b>	<b>Reconciliation in present value of obligations ('PVO') - defined benefit obligation:</b>		
	Current service cost	29.3	23.9
	Past service cost	-	-
	Interest cost	0.3	1.0
	Actuarial loss / (gain)		
	- Due to Demographic Assumption	0.2	(0.2)
	- Due to Finance Assumption	(2.4)	6.2
	- Due to Experience	2.5	6.0
	Benefits paid	(5.3)	(3.0)
	Foreign exchange translation difference	(6.6)	33.7
	PVO at the beginning of the year	302.2	234.6
	PVO at the end of the year	320.2	302.2
<b>II)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of the year	320.2	302.2
	Fair Value of plan assets at the end of the year	-	-
	Funded status	(320.2)	(302.2)
	Unrecognised actuarial gain / (loss)	-	-
	Net liability recognised in the Consolidated Balance Sheet	(320.2)	(302.2)
<b>III)</b>	<b>Expense recognised in the Consolidated Statement of Profit and Loss:</b>		
	Current service cost	29.3	23.9
	Past service cost	-	-
	Net interest	0.3	1.0
	Total expense recognised in the Consolidated Statement of Profit and Loss	29.6	24.9
<b>IV)</b>	<b>Other Comprehensive Income:</b>		
	Actuarial loss / (gain) recognised for the period		
	- Due to Demographic Assumption	0.2	(0.2)
	- Due to Finance Assumption	(2.4)	6.2
	- Due to Experience	2.5	6.0
	Total amount recognised in OCI	0.3	12.0
<b>V)</b>	<b>Assumptions used in accounting for the Retirement Benefit plan:</b>		
	Mortality (%)	0.1	0.1
	Discount rate (%)	0.2	0.1
	Salary escalation rate (%)	NA	NA
	Average Remaining Service (years)	8.8	8.9
	Employee attrition rate (%)	7.2	10.9

## VI)

(₹ in million)

	Year Ended				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Experience adjustment					
- On plan liabilities	0.3	12.0	0.8	(5.9)	(3.5)
- On plan assets	-	-	-	-	-
Present value of benefit obligation	320.2	302.2	234.6	268.9	268.2
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	(320.2)	(302.2)	(234.6)	(268.9)	(268.2)

## VII) Expected future benefit payments

(₹ in million)

Particulars	As at 31.03.2017
First year	21.2
Second year	37.3
Third year	49.2
Fourth year	42.1
Fifth year	29.4
Beyond five years	138.8

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

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)

	2016-2017		2015-2016	
	Increase	Decrease	Increase	Decrease
Discount Rate (0.25% movement)	5.5	(5.7)	5.5	(5.7)
Future salary growth (%)	NA	NA	NA	NA

Liability of lump sum retirement benefit as above along with liability for retirement benefits of directors ₹ nil (31.03.2016 - ₹ nil, 01.04.2015 - ₹ 2.3 million) is shown under "Non-Current Provisions" (Refer note 20).

In addition to above plan, the company is a member of Tokyo Pharmaceutical Industry Employee Pension Fund. This multi-employer pension plan does not permit us to reasonably calculate the value of the pension assets based on our contribution. As a result, this multi-employer pension plan is excluded from the calculation of projected benefit obligation. The required contribution to this plan along with the contribution under the retirement plan is charged to Statement of Profit and Loss amounting to ₹ 20.8 million (previous year ₹ 18.6 million).

## d) Multicare Pharmaceuticals Philippines Inc., Philippines

The Group's subsidiary at Philippines makes annual contributions to a private bank to fund defined benefit plan for qualifying employees. The Retirement Plan is a non-contributory and of the defined benefit type which provides a retirement benefit equal to 200% of Plan Salary for every year of Credited Service.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for retirement benefit were carried out as at March 31, 2017. 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 retirement plan and the amounts recognised in the Group's financial statements as at balance sheet date:

Sr. No.	Particulars	Lump sum Retirement Benefits (non funded)	
		As on 31.03.2017 ₹ in million	As on 31.03.2016 ₹ in million
<b>I)</b>	<b>Reconciliation in present value of obligations ('PVO') – defined benefit obligation:</b>		
	Current service cost	10.8	10.2
	Past service cost	-	-
	Interest cost	3.7	2.9
	Actuarial loss / (gain)		
	- Due to Demographic Assumption	-	-
	- Due to Finance Assumption	3.1	(1.6)
	- Due to Experience	28.6	5.3
	Benefits paid	(9.6)	(1.3)
	Foreign exchange translation difference	(10.0)	1.7
	PVO at the beginning of the year	73.0	55.7
	PVO at the end of the year	99.6	73.0
<b>II)</b>	<b>Change in fair value of plan assets:</b>		
	Return on Plan Assets excluding interest income	(1.2)	(2.0)
	Interest income	1.6	1.8
	Contributions by the employer	8.4	-
	Contributions by the employee	-	-
	Benefits paid	(9.6)	(1.3)
	Foreign exchange translation difference	(3.2)	0.8
	Fair value of plan assets at the beginning of the year	33.7	34.4
	Fair value of plan assets at the end of the year	29.7	33.7
<b>III)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of the year	99.6	73.0
	Fair Value of plan assets at the end of the year	29.7	33.7
	Funded status	(69.9)	(39.3)
	Unrecognised actuarial gain / (loss)	-	-
	Net liability recognised in the Consolidated Balance Sheet	(69.9)	(39.3)
<b>IV)</b>	<b>Expense recognised in the Consolidated Statement of Profit and Loss:</b>		
	Current service cost	10.8	10.2
	Past service cost	-	-
	Net interest	2.1	1.1
	Total expense recognised in the Consolidated Statement of Profit and Loss	12.9	11.3
<b>V)</b>	<b>Other Comprehensive Income:</b>		
	Actuarial loss/ (gain) recognised for the period		
	- Due to Demographic Assumption	-	-
	- Due to Finance Assumption	3.1	(1.6)
	- Due to Experience	28.6	5.3
	Return on plan assets excluding net interest	1.2	2.0
	Total amount recognised in OCI	32.9	5.7
<b>VI)</b>	<b>Category of assets as at the end of the year:</b>		
	Cash & Cash Equivalents	0.5%	11.2%
	Equity Instruments	6.6%	5.3%
	Debt Instruments – Government Bonds	22.8%	26.2%
	Debt Instruments – Other Bonds	23.9%	19.5%
	Unit Investment Trust Funds	37.1%	26.8%
	Other (Market Gains/ Losses, Accrued Receivables, etc.)	9.1%	11.0%
<b>VII)</b>	<b>Actual return on the plan assets</b>	0.5	(0.3)
<b>VIII)</b>	<b>Assumptions used in accounting for the Retirement Benefit plan:</b>		
	Mortality %	Rates stipulated in 2001 CSO Table	
	Discount rate (%)	5.0	5.2
	Salary escalation rate (%)	7.0	7.0
	Average Remaining Service (years)	26.7	26.7
	Employee attrition rate (%)	Nil	Nil

## IX)

(₹ in million)

	Year Ended				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Experience adjustment					
- On plan liabilities	28.6	5.3	(6.0)	(1.7)	19.9
- On plan assets	-	-	1.2	₹ 22674	1.3
Present value of benefit obligation	99.6	73.0	55.7	52.8	69.7
Fair value of plan assets	29.7	33.7	34.4	30.7	23.7
Excess of (obligation over plan assets) / plan assets over obligation	(69.9)	(39.3)	(21.3)	(22.1)	(46.0)

## X) Expected future benefit payments

(₹ in million)

Particulars	As at 31.03.2017
First year	1.9
Second year	3.8
Third year	2.7
Fourth year	5.2
Fifth year	4.4
Beyond five years	69.6

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

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)

	2016-2017		2015-2016	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	17.3	(14.3)	11.7	(9.6)
Future salary growth (1% movement)	(15.7)	13.3	(10.7)	9.0

**e) Laboratorios Grin S.A. de C.V., Mexico**

The Group's subsidiary at Mexico has retirement plan to cover its employees which are required by law.

Under the plan, employees are entitled to benefits based on level of salaries, length of service and certain other factors at the time of retirement or termination.

The most recent actuarial valuation of the present value of the defined benefit obligation for retirement benefits were carried out as at March 31, 2017. 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 retirement plan and the amounts recognised in the Group's financial statements as at balance sheet date:

Sr. No.	Particulars	Lump sum Retirement Benefits (non funded)	
		As on 31.03.2017 ₹ in million	As on 31.03.2016 ₹ in million
<b>I)</b>	<b>Reconciliation in present value of obligations ('PVO') – defined benefit obligation:</b>		
	Current service cost	1.5	2.2
	Past service cost	15.1	0.5
	Interest cost	0.9	1.2
	Actuarial loss / (gain)		
	- Due to Demographic Assumption	-	-
	- Due to Finance Assumption	-	-
	- Due to Experience	(0.2)	(0.2)
	Benefits paid	(16.6)	-
	Foreign exchange translation difference	(1.5)	(0.9)
	PVO at the beginning of the year	15.5	12.7
	PVO at the end of the year	14.7	15.5
<b>II)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of the year	14.7	15.5
	Fair Value of plan assets at the end of the year	-	-
	Funded status	-	-
	Unrecognised actuarial gain / (loss)	-	-
	Net liability recognised in the Consolidated Balance Sheet	(14.7)	(15.5)
<b>III)</b>	<b>Expense recognised in the Consolidated Statement of Profit and Loss:</b>		
	Current service cost	1.5	2.2
	Past service cost	15.1	0.5
	Net interest	0.9	1.2
	Total expense recognised in the Consolidated Statement of Profit and Loss	17.5	3.9
<b>IV)</b>	<b>Other Comprehensive Income:</b>		
	Actuarial gain/ (loss) recognised for the period		
	- Due to Demographic Assumption	-	-
	- Due to Finance Assumption	-	-
	- Due to Experience	(0.2)	(0.2)
	Total amount recognised in OCI	(0.2)	(0.2)
<b>V)</b>	<b>Assumptions used in accounting for the plan:</b>		
	Mortality (%)	Experience Social insurance by gender	
	Discount rate (%)	7.9	6.8
	Salary escalation rate (%)	5.3	5.3
	Average Remaining Service (years)	14.0	13.0
	Employee attrition rate (%)	21.1	20.7

**VI)**
**(₹ in million)**

	Year Ended				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Experience adjustment					
- On plan liabilities	(0.2)	(0.2)	12.7	#	#
- On plan assets	-	-	-	#	#
Present value of benefit obligation	14.7	15.5	12.7	#	#
Fair value of plan assets	-	-	-	#	#
Excess of (obligation over plan assets) / plan assets over obligation	(14.7)	(15.5)	(12.7)	#	#

# Information in respect of previous two years is not available, hence not disclosed.

**VII) Expected future benefit payments**
**(₹ in million)**

Particulars	As at 31.03.2017
First year	1.6
Second year	1.7
Third year	1.9
Fourth year	2.0
Fifth year	2.1
Beyond five years	11.7

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

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)**

	2016-2017		2015-2016	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	0.8	(0.9)	1.0	(1.1)
Future salary growth (1% movement)	(0.5)	0.5	(0.5)	1.6

**43. Income taxes:**

## a) Tax expense recognised in profit and loss:

Particulars	Year Ended 31.03.2017 ₹ in million	Year Ended 31.03.2016 ₹ in million
Current Tax Expense for the year	11656.9	11671.7
Tax expense w/back of prior years	(514.7)	(222.7)
Fringe Benefit Tax w/back of prior years	(260.1)	(15.5)
Net Current Tax Expense	10882.1	11433.5
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(1097.0)	(840.1)
<b>Tax expense for the year</b>	<b>9785.1</b>	<b>10593.4</b>

## b) Tax expense recognised in other comprehensive income:

<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	130.2	20.2
<b>Items that will be reclassified to profit or loss</b>		
The effective portion of gains and loss on hedging instruments in a cash flow hedge	(83.0)	(4.3)
<b>Total</b>	<b>47.2</b>	<b>15.9</b>

## c) Reconciliation of effective tax rate:

<b>Profit before tax before jointly controlled entity</b>	35348.9	33239.4
Tax using the Company's domestic tax rate (March 31, 2017: 34.61%, March 31, 2016: 34.61%)	12234.3	11504.2
<b>Tax effect of:</b>		
Differences in tax rates of foreign jurisdictions	1237.0	1610.0
Current year losses for which no deferred tax asset was recognised	859.5	874.2
Non-deductible expenses	497.5	811.1
Incremental deduction on account of Research and Development costs	(3322.4)	(1974.6)
Exemption of profit link incentives	(624.4)	(1582.4)
Investment Allowance	(227.7)	(205.6)
Other exempt income	(193.8)	(158.1)
Others	99.9	(47.2)
<b>Current and Deferred Tax expense (excluding prior year taxes) as per note 43(a)</b>	<b>10559.9</b>	<b>10831.6</b>

d) Movement in deferred tax balances:

(Current year ₹ in million)

Particulars	As at 01.04.2016						As at 31.03.2017	
	Deferred tax asset	Deferred tax liability	Recognised in profit or loss	Recognised in OCI	Business Combination	Foreign exchange translation difference	Deferred tax asset	Deferred tax liability
<b>Deferred tax assets/ (liabilities)</b>								
Property, plant and equipment	23.2	(2796.4)	(2328.3)	-	110.2	(51.7)	(63.7)	(4979.3)
Cash Flow Hedge Reserve	-	(96.4)	104.1	(83.0)	-	-	-	(75.3)
Intangibles	-	(1875.1)	746.8	-	(160.0)	146.9	-	(1141.4)
Provision for Employee Benefits	183.4	-	(60.0)	(1.3)	-	(4.8)	117.3	-
Provision for Expenses	51.2	-	172.2	-	-	(8.3)	215.1	-
Provision for Price Differential	107.8	-	(107.8)	-	-	-	-	-
Provision for Sales Return	279.4	-	(278.1)	-	-	(0.1)	1.2	-
Trade Receivables/Provision for Bad Debts	-	-	1142.8	-	-	(51.5)	1091.3	-
Litigation Reserve	-	-	253.6	-	-	(8.5)	245.1	-
Unrealised Profits on Unsold inventories	2535.3	-	816.6	-	-	-	3351.9	-
Others	356.0	(87.7)	(106.2)	(1.7)	-	(119.1)	184.9	(143.6)
	<b>3536.3</b>	<b>(4855.6)</b>	<b>355.7</b>	<b>(86.0)</b>	<b>(49.8)</b>	<b>(97.1)</b>	<b>5143.1</b>	<b>(6339.6)</b>
<b>Less: Tax effect of items constituting Deferred Tax (Liabilities)/Assets</b>								
Provision for doubtful trade receivables	-	125.5	(58.1)	-	-	-	-	67.4
Provision for Employee benefits	-	526.1	193.9	133.2	-	25.4	-	878.6
Provision for Sales Return	-	200.3	(198.5)	-	-	-	-	1.8
Deferred Revenue	-	351.8	49.9	-	-	-	-	401.7
Provision of claims	-	-	539.5	-	-	-	-	539.5
Provision for Expenses	-	18.2	75.1	-	-	(28.9)	-	64.4
Government Grants	-	-	62.2	-	-	17.5	-	79.7
Provision for Obsolete inventory	-	-	146.4	-	1.6	(57.6)	-	90.4
Property, plant and equipment	(75.2)	-	75.2	-	-	-	-	-
Reserve for Deferred Capital Gain	(13.3)	-	13.3	-	-	-	-	-
Others	(89.3)	366.9	(157.6)	-	-	80.9	(66.7)	267.6
	<b>(177.8)</b>	<b>1588.8</b>	<b>741.3</b>	<b>133.2</b>	<b>1.6</b>	<b>37.3</b>	<b>(66.7)</b>	<b>2391.1</b>
<b>Net Deferred tax assets / (liabilities)</b>	<b>3358.5</b>	<b>(3266.8)</b>	<b>1097.0</b>	<b>47.2</b>	<b>(48.2)</b>	<b>(59.8)</b>	<b>5076.4</b>	<b>(3948.5)</b>

(Previous year ₹ in million)

Particulars	As at 01.04.2015						As at 31.03.2016	
	Deferred tax asset	Deferred tax liability	Recognised in profit or loss	Recognised in OCI	Business Combination	Foreign exchange translation difference	Deferred tax asset	Deferred tax liability
<b>Deferred tax assets/ (liabilities)</b>								
Property, plant and equipment	24.9	(2512.2)	(118.1)	-	(158.7)	(9.1)	23.2	(2796.4)
Cash Flow Hedge Reserve	-	(8.0)	(78.1)	(4.3)	-	(6.0)	-	(96.4)
Intangibles	-	-	(181.6)	-	(1679.6)	(13.9)	-	(1875.1)
Provision for Employee Benefits	220.6	-	(34.6)	-	-	(2.6)	183.4	-
Provision for Expenses	39.2	-	11.1	-	-	0.9	51.2	-
Provision for Price Differential	75.5	-	30.0	-	-	2.3	107.8	-
Provision for Sales Return	120.8	-	147.3	-	-	11.3	279.4	-
Unrealised Profit on unsold inventory	1713.9	-	762.9	-	-	58.5	2535.3	-
Undistributed profits	-	(45.8)	42.6	-	-	3.2	-	-
Other items	557.7	(142.4)	(125.5)	-	(11.7)	(9.8)	356.0	(87.7)
	<b>2752.6</b>	<b>(2708.4)</b>	<b>456.0</b>	<b>(4.3)</b>	<b>(1850.0)</b>	<b>34.8</b>	<b>3536.3</b>	<b>(4855.6)</b>
<b>Less: Tax effect of items constituting Deferred Tax (Liabilities)/Assets</b>								
Provision for Doubtful Trade Receivables	-	83.4	39.2	-	-	2.9	-	125.5
Provision for Employee Benefits	-	428.0	72.4	20.2	-	5.5	-	526.1
Provision for Sales Return	-	189.6	9.9	-	-	0.8	-	200.3
Deferred Revenue	-	281.1	65.6	-	-	5.1	-	351.8
Provision for Expenses	-	13.7	4.2	-	-	0.3	-	18.2
Property, plant and equipment	(119.3)	-	41.0	-	-	3.1	(75.2)	-
Reserved for Deferred Capital Gain	(13.1)	-	(0.2)	-	-	-	(13.3)	-
Other items	(58.5)	185.1	152.0	-	(12.8)	11.8	(89.3)	366.9
	<b>(190.9)</b>	<b>1180.9</b>	<b>384.1</b>	<b>20.2</b>	<b>(12.8)</b>	<b>29.5</b>	<b>(177.8)</b>	<b>1588.8</b>
<b>Net Deferred tax assets / (liabilities)</b>	<b>2561.7</b>	<b>(1527.5)</b>	<b>840.1</b>	<b>15.9</b>	<b>(1862.8)</b>	<b>64.3</b>	<b>3358.5</b>	<b>(3266.8)</b>

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 and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

The current tax in respect of foreign subsidiaries has been computed considering the applicable tax laws and tax rates of the respective countries, as certified by the local tax consultants / local management of the said subsidiaries.

As on 31.03.2017, tax liability with respect to the dividends proposed before the financial statements approved for issue, but not recognised as a liability in the financial statements is ₹ 689.5 million (31.03.2016 - ₹ 688.0 million, 01.04.2015 - ₹ 686.3 million).



e) Tax losses carried forward:

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future profits will be available against which the Group can use the benefits therefrom.

Particulars	Expiry date	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million
Business loss c/f	Unlimited	3448.2	3539.7
Business loss c/f	31.03.2019	-	0.1
Business loss c/f	31.03.2020	1320.5	1405.1
Business loss c/f	31.03.2021	1306.6	1392.3
Business loss c/f	31.03.2022	2964.5	3155.0
Business loss c/f	31.12.2022	5.3	5.3
Business loss c/f	31.03.2023	4559.5	4849.1
Business loss c/f	31.03.2024	5095.6	233.1
Business loss c/f	31.03.2025	672.0	672.3
Business loss c/f	31.03.2026	846.8	-
Business loss c/f	31.12.2026	11.0	9.3
Business loss c/f	31.03.2027	0.4	-
Business loss c/f	31.03.2033	24.8	54.8
Business loss c/f	31.03.2034	60.8	64.1
Business loss c/f	31.03.2035	63.1	66.5
	<b>Total</b>	<b>20379.1</b>	<b>15446.7</b>

44. The aggregate amount of revenue expenditure incurred by the Group during the year on Research and Development and shown in the respective heads of account is ₹ 23100.9 million (previous year ₹ 16037.8 million).

45. a) During the year, the Company has made additional Capital Contribution of ₹ 10610.4 million (previous year ₹ 13142.3 million) in Lupin Atlantis Holdings SA, Switzerland (LAHSA), a wholly owned subsidiary.

During the year, the Company has made Capital Contribution of ₹ nil (previous year ₹ 6385.5 million) in Lupin Holdings B.V., Netherlands (LHBV), a wholly owned subsidiary.

During the year, 100% shareholding of Novel Clinical Research (India) Pvt. Ltd., India (Novel India) has been transferred from Novel Laboratories Inc., USA to the Company for ₹ 0.1 million. Consequently, Novel India has become a direct subsidiary of the Company.

During the previous year, the Company has transferred its 100% shareholding in Lupin (Europe) Limited, UK (LEL) for ₹ 20.0 million to LAHSA. Consequently, LEL has become a step-down subsidiary of the Company.

During the previous year, the Company has transferred its 100% shareholding in Lupin Middle East FZ-LLC, UAE (LME) for ₹ 32.3 million to LAHSA. Consequently, LME has become a step-down subsidiary of the Company.

b) During the previous year, the Company, through its wholly owned subsidiary Lupin Farmaceutica do Brasil LTDA, Brazil purchased 100% stake in Medquimica Industria Farmaceutica S.A., Brazil (MQ) at a total cost of ₹ 2506.4 million.

c) During the year, the Company, through its wholly owned subsidiary Lupin Holdings B.V., Netherlands (LHBV), acquired / subscribed to the equity stake of the following subsidiaries:

i) Additional investment in Generic Health SDN. BHD., Malaysia at a total cost of ₹ 1.0 million (previous year ₹ 0.6 million).

ii) 0.01% equity stake in Lupin Ukraine LLC, Ukraine at a total cost of ₹ 269/-.

iii) Additional investment in Lupin Farmaceutica do Brasil LTDA, Brazil (LFB) at a total cost of ₹ nil (previous year ₹ 174.1 million. Effective January 01, 2016, LFB merged with MQ, its wholly owned subsidiary company, resulting into LHBV's equity stake in MQ equal to 4.56%.

iv) 0.01% equity stake in Lupin Pharma LLC, Russia at a total cost of ₹ nil (previous year ₹ 107/-).

- d) During the year, the Company, through its wholly owned subsidiary LAHSA acquired / subscribed to the equity stake of the following subsidiaries:
- Additional investment in Lupin Inc., USA at a total cost of ₹ 5319.6 million (previous year ₹ 1762.0 million) as additional paid-in capital – securities premium.
  - Additional investment in Lupin Pharma LLC, Russia at a total cost of ₹ 33.7 million as capital contribution (previous year ₹ 0.1 million for 99.99% equity stake).
  - 100% equity stake in Lupin Pharma Canada Ltd., Canada (LPCL) transferred from LHBV for ₹ 250.8 million.
  - Additional investment in Lupin (Europe) Ltd., UK at a total cost of ₹ 259.7 million (previous year ₹ nil).
  - 99.99% equity stake in Lupin Ukraine LLC, Ukraine at a total cost of ₹ 0.3 million.
  - 100% equity stake in Lupin Japan & Asia Pacific K.K., Japan at a total cost of ₹ 2.9 million.
  - 100% equity stake in Lupin Latam, Inc., USA at a total cost of ₹ 68/-.
  - 94.91% equity stake in LFB at a total cost of ₹ nil (previous year ₹ 3627.4 million). Effective January 01, 2016, LFB merged with MQ, its wholly owned subsidiary company. Subsequently, LAHSA made an additional investment of ₹ 268.8 million (previous year ₹ 274.1 million), in MQ resulting into LAHSA's equity stake in MQ equal to 95.44%.
- e) During the previous year, Lupin Inc., USA (LINC), a wholly owned subsidiary of LAHSA, acquired / subscribed to the equity stake of the following subsidiaries:
- 100% equity stake in Gavis Pharmaceuticals, LLC, USA (Gavis) and its wholly owned subsidiary Edison Therapeutics LLC, USA (Edison) at a total cost of ₹ 3664.7 million. Effective February 24, 2017, Edison merged into Gavis.
  - 100% equity stake in Novel Laboratories, Inc., USA (Novel USA) and its wholly owned subsidiary Novel Clinical Research (India) Pvt. Ltd., India at a total cost of ₹ 5327.7 million.
  - 100% equity stake in VGS Holdings, Inc., USA (VGS) at a total cost of ₹ 793.2 million. Effective February 24, 2017, VGS merged into Novel USA.
  - 100% equity stake in Lupin Research Inc., USA at a total cost of ₹ 67/-.
  - Lupin Pharmaceuticals, Inc, USA (LPI) has effected a reverse split of the shares in the ratio of 10000:1 and also changed the par value of the shares from USD 1 per share to USD 0.001 per share. This has resulted in reduction of number of shares held by the Company in LPI without changing the proportionate holding of the existing shareholders.
- f) During the previous year, the Company's wholly owned subsidiary LHBV sold 356 shares (0.18% equity stake) of its subsidiary Kyowa Pharmaceutical Industry Co., Limited, Japan to Medipal Holdings Corporation, Japan for total consideration of ₹ 59.4 million.

The above acquisitions / subscriptions / disposals are based on the net asset values, the future projected revenues, operating profits, cash flows and independent valuation reports; as applicable, of the investee companies.

#### 46. Goodwill on consolidation:

Impairment testing of Goodwill:

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the following Cash Generating Units (CGU's) as follows:

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
South Africa	5855.7	5433.2	6179.3
Germany	263.3	286.5	255.3
Philippines	254.6	282.6	275.1
Australia	381.2	392.0	365.5
Netherlands	656.0	713.6	636.1
Brazil	1295.8	1284.1	23.4
Mexico	3915.6	4331.0	4643.3
United States of America	6166.5	5547.0	-
Japan	4311.4	4384.4	3874.8
<b>Total</b>	<b>23100.1</b>	<b>22654.4</b>	<b>16252.8</b>

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below:

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The cash flow projections included specific estimates for ten years developed using internal forecasts, and a terminal growth rate thereafter. The planning horizon reflects the assumptions for short-to-midterm market developments.

The average growth rates used in extrapolating cash flows beyond the planning period ranged from -3% to +2% for the year ended March 31, 2017, from -3% to +2% for the year ended March 31, 2016 and from -3% to +2% as on April 1, 2015.

Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs. Post-tax discount rate used ranged from 6% to 10% for the year ended March 31, 2017, from 6% to 12% for the year ended March 31, 2016 and from 6% to 12% as on April 1, 2015.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

47. a) The Company through LAHSA holds 100% equity stake at a cost of ₹ 279.7 million (previous year ₹ 20.0 million) in Lupin (Europe) Limited, UK (LEL). The said subsidiary has incurred losses during the year and has negative net worth as at the end of the year. Considering the financial, technical and operational support from the Company and LEL's projections / plans for introducing new products (including products from the Company) in the UK Market in the near future, growth in the turnover and profitability is expected, which would result in improvement in net worth, over a period of time.
- b) The Company through LAHSA holds 100% equity stake at a cost of ₹ 857.0 million (previous year ₹ 857.0 million) in Nanomi B.V., Netherlands (Nanomi). Nanomi has incurred losses during the year and has negative net worth as at the end of the year. Considering Nanomi's research work, the Company is of the view that this would lead to an improvement in growth, turnover and profitability, which would result in improvement in net worth, over a period of time.
- c) The Company through Lupin Inc., USA (LINC) holds 100% equity stake at a cost of ₹ 4091.0 million (previous year ₹ 3664.7 million) in Gavis Pharmaceuticals, LLC, USA (Gavis). Gavis has incurred losses in the current year and its net worth is negative. Considering the financial, technical and operational support from the Company and other strategic plan for Gavis in the near future, the Company is of the view that this would lead to an improvement in net worth over a period of time.
- d) The Company through LAHSA holds 100% equity stake at a cost of ₹ 250.8 million (previous year the Company through LHBV held 100% equity stake at a cost of ₹ 155.6 million) in Lupin Pharma Canada Ltd. (LPCL). LPCL has reported profit in the current year but its net worth is negative. The Company considers its investments in LPCL to be long term and strategic in nature. LPCL renders marketing services in terms of the marketing and service agreement with the Company and LAHSA for registration and sale of products in Canada. Also based on projections / plans for introducing new products (including products from the Company and LAHSA) in the Canadian market in near future, the Company is of the view that this would lead to an improvement in growth, turnover and profitability, which would result in improvement in net worth of LPCL over a period of time.
- e) Further, net worth of Pharma Dynamics (Proprietary) Limited, Lupin Mexico S.A. de C.V., Generic Health Pty Limited, Generic Health SDN. BHD., Laboratorios Grin S.A. de C.V., Hormosan Pharma GmbH and Lupin Australia Pty Limited, is substantially less than the carrying amount of investments made by the Company directly or through its subsidiaries. During the year Lupin Ukraine LLC, Novel Clinical Research (India) Pvt Ltd and Lupin Middle East FZ-LLC has suffered losses and net worth is negative. Also net worth of Bellwether Pharma Pty Ltd., is negative.

The Group considers its investments in subsidiaries as strategic and long-term in nature and accordingly no provision for diminution in value of investments is considered necessary.

**48. Non-controlling Interest represents the non-controlling's share in equity of the subsidiaries as below:**

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Multicare Pharmaceuticals Philippines Inc., Philippines			
- Share in Equity Capital	13.2	13.2	13.2
- Share in Reserves and Surplus	318.1	275.4	214.2
- Share in Other Comprehensive Income	(3.3)	16.5	13.6
	328.0	305.1	241.0
Kyowa Pharmaceutical Industry Co., Limited, Japan (Consolidated)			
- Share in Equity Capital	0.1	0.1	-
- Share in Reserves and Surplus	16.6	14.9	-
- Share in Other Comprehensive Income	0.5	0.7	-
	17.2	15.7	-
<b>Total</b>	<b>345.2</b>	<b>320.8</b>	<b>241.0</b>

Given that non-controlling interest in subsidiaries and interest in jointly controlled entity are not material to the Group, hence other disclosures are not given.

**49. Auditors' Remuneration:**

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Payment to Auditors of the Company and its subsidiaries:		
a) As Auditors	149.4	63.3
b) For audit of subsidiaries*	-	4.9
c) for other services including Taxation matters and certifications**	62.2	23.6
d) Reimbursement of out-of-pocket expenses	2.6	1.7
<b>Total</b>	<b>214.2</b>	<b>93.5</b>

\* Represents fees in respect of audit of subsidiaries for consolidation requirements of the Company in terms of Section 129(3) of the 2013 Act.

\*\* Includes payment for taxation matters to an affiliated firm of erstwhile auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

50. a) Foreign Currency Translation Reserve (Refer note 16) represents the net exchange difference on translation of net investment in foreign operations located at Japan, Australia, Germany, South Africa, Philippines, Mexico, Switzerland, Brazil, USA, Netherlands, UAE and Canada from their local currency to the Indian currency. Consequently, in accordance with the Indian Accounting Standard 21 (Ind AS 21) "The Effects of Changes in Foreign Exchange Rates", the exchange rate difference on translation of ₹ 236.1 million (previous year ₹ 538.6 million debited) is credited during the year to such reserve.
- b) From January 1, 2017, functional currency of Lupin Pharma Canada Limited (LPCL) and Lupin Middle East FZ-LLC (LME) has been changed from ₹ to Canadian Dollar and US Dollar respectively, based on the methods of operations, financing models, management's autonomy and relationship with Limited, its ultimate holding company. Accordingly, LPCL and LME have applied the translation procedures in accordance with the Indian Accounting Standard 21 (Ind AS 21) 'The Effects of Changes in Foreign Exchange Rates' and the resulting net exchange difference is accumulated in the Foreign Currency Translation Reserve. Had LPCL and LME applied the translation procedure applicable for a foreign operation, from the earliest period presented, the Net profit after tax for the year would be higher by ₹ 6.7 million (previous year lower by ₹ 8.0 million) and the corresponding Shareholders' Funds as at the year-end would be higher by ₹ 0.1 million (previous year ₹ 0.1 million).

51. Excise duty (refer note 33) includes ₹ 165.8 million (previous year ₹ 74.2 million) being net impact of the excise duty provision on opening and closing stock.
52. Due to change in business circumstances in certain geographies, management has decided to discontinue further development of certain Intangible assets under development amounting to ₹ 106.2 million. Consequently the same have been impaired during the current year.
53. As per best estimates of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37.

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Carrying amount at the beginning of the year	1826.2	1006.5
Add : Additional Provisions made during the year	6119.5	4338.4
Less : Amounts used / utilised during the year	4042.9	2765.0
Add/(Less) : Exchange Difference during the year	(95.2)	(753.7)
Carrying amount at the end of the year	3807.6	1826.2

54. The aggregate amount of cash expenditure incurred during the year on Corporate Social Responsibility (CSR) is ₹ 196.8 million (previous year ₹ 205.1 million) and is shown separately under note 33 based on Guidance Note on Accounting for Expenditure on CSR Activities issued by the ICAI.

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Donations	171.5	181.1
Employee Benefits Expense	9.3	9.8
Others – Patient Awareness, etc.	16.0	14.2
<b>Total</b>	<b>196.8</b>	<b>205.1</b>

The amount required to be spent by the company during the year is ₹ 662.5 million. No amount was spent during the year towards construction/acquisition of any asset relating to CSR expenditure.

55. During the year, Kyowa Pharmaceutical Industry Co., Limited and Kyowa CritiCare Co., Limited has incurred ₹ 8.2 million (previous year ₹ 1.2 million) on interest on loan taken specifically against the construction of the Fixed Assets. The above amount is recorded under Capital Work in Progress.
56. The Company through Lupin Inc. (LINC), a wholly owned subsidiary, has acquired Gavis Pharmaceuticals, LLC, Novel Laboratories, Inc. (Novel), VGS Holdings, Inc., Novel Clinical Research (India) Pvt. Ltd. (subsidiary of Novel) and Edison Therapeutics LLC (subsidiary of Gavis Pharmaceuticals, LLC) (collectively "Gavis") vide a Purchase and Sale Agreement dated July 23, 2015, as amended (the "SPA"). Subsequently, LINC entered into an Asset Purchase Agreement dated March 07, 2016 with Lupin Atlantis Holdings SA (LAHSA), its holding company, whereby LAHSA agreed to purchase certain assets directly from the Gavis Sellers.

LINC and LAHSA entered into a Credit Agreement dated February 29, 2016 with JPMorgan Chase Bank, N.A. (JPM) to finance the Gavis acquisition cost of USD 880.0 million (USD 201.6 million to LINC and USD 678.4 million to LAHSA) ("Bridge Loan") with an intention to replace the Bridge Loan with a long-term loan in future. JPM funded USD 880.0 million on March 08, 2016 based on Borrowing Request by the respective companies.

On March 31, 2016, LINC and LAHSA entered into a Facilities Agreement with five banks i.e. Bank of America, N.A., the Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets Asia Ltd., HSBC Bank (Mauritius) Ltd. and Mizuho Bank, Ltd. for loan assistance of USD 800.0 million (USD 120.0 million to LINC and USD 680.0 million to LAHSA) so as to replace the existing Bridge Loan.

On May 03, 2016, Bridge Loan to the extent of USD 800.0 million was directly repaid by Citicorp International Limited (Agent for Facilities Agreement) and the balance of USD 80.0 million was repaid from own funds by LINC.

Based on the above, as on March 31, 2016, loans to the extent of USD 798.4 million equivalent to ₹ 52896.0 million have been shown under Non-Current Borrowings (Refer Note 17) and the balance of USD 81.6 million equivalent to ₹ 5408.4 million have been shown under Current Borrowings (Refer Note 22).

The non-current loans will have a Termination Date falling 72 months after the first Utilisation Date and will be repayable in three equal instalments starting from the 48th month after the first Utilisation Date.

LINC and LAHSA have discharged their obligations with respect to Gavis acquisition. Further, an amount of USD 48.4 million equivalent to ₹ 3138.7 million (31.3.2016 - USD 71.4 million equivalent to ₹ 4730.6 million) has been deposited in escrow accounts and is payable at later dates in terms of the said SPA and has accordingly been classified as Other non-current asset and Other current asset amounting to USD 48.4 million equivalent to ₹ 3138.7 million (31.3.2016 - USD 26.4 million equivalent to ₹ 1749.1 million) (Refer Note 6) and USD nil (31.3.2016 - USD 45.0 million equivalent to ₹ 2981.5 million) (Refer Note 12), respectively. The corresponding liabilities to the sellers / beneficiaries amounting to USD 48.4 million equivalent to ₹ 3138.7 million (31.3.2016 - USD 66.8 million equivalent to ₹ 4426.0 million) are stated under Other Non-current financial liabilities and Other Current financial Liabilities amounting to USD 48.4 million equivalent to ₹ 3138.7 million (31.3.2016 - USD 26.4 million equivalent to ₹ 1749.1 million) (Refer Note 19) and USD nil (31.3.2016 - USD 40.4 million equivalent to ₹ 2676.9 million) (Refer Note 24), respectively.

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

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
i. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	828.8 (interest ₹ nil)	391.9 (interest ₹ nil)	387.3 (interest ₹ nil)
ii. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

## 58. Financial Instruments:

### Financial instruments – Fair values and risk management:

#### A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(₹ in million)

As at 31.03.2017	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-Current Investments – others	55.7	-	-	55.7	-	-	55.7*	55.7
Non-Current Loans								
- Security Deposit	-	-	732.8	732.8	-	732.8	-	732.8
- Others	-	-	32.4	32.4	-	-	-	-
Current Investments	21141.3	-	-	21141.3	-	21141.3	-	21141.3
Trade Receivables	-	-	43073.4	43073.4	-	-	-	-
Cash and Cash Equivalents	-	-	6818.3	6818.3	-	-	-	-
Other Bank Balances	-	-	175.8	175.8	-	-	-	-
Current Loans	-	-	158.6	158.6	-	-	-	-
Other Current Financial Assets								
- Derivative instruments	1.9	549.1	-	551.0	-	551.0	-	551.0
- Others	-	-	129.1	129.1	-	-	-	-
	<b>21198.9</b>	<b>549.1</b>	<b>51120.4</b>	<b>72868.4</b>	<b>-</b>	<b>22425.1</b>	<b>55.7</b>	<b>22480.8</b>
Financial liabilities								
Non-Current Borrowings	-	-	56477.8	56477.8	-	-	-	-
Trade Payables	-	-	59.0	59.0	-	-	-	-
Other Non-Current Financial Liabilities	-	-	4764.8	4764.8	-	-	-	-
Current Borrowings	-	-	23043.3	23043.3	-	-	-	-
Trade Payables	-	-	25889.0	25889.0	-	-	-	-
Other Current Financial Liabilities								
- Derivative instruments	266.0	-	-	266.0	-	266.0	-	266.0
- Others	-	-	5397.9	5397.9	-	-	-	-
	<b>266.0</b>	<b>-</b>	<b>115631.8</b>	<b>115897.8</b>	<b>-</b>	<b>266.0</b>	<b>-</b>	<b>266.0</b>

(₹ in million)

As at 31.03.2016	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	55.2	-	-	55.2	-	-	55.2*	55.2
<b>Non-Current Loans</b>								
- Security Deposit	-	-	515.0	515.0	-	515.0	-	515.0
- Others	-	-	3.4	3.4	-	-	-	-
<b>Current Investments</b>	20.2	-	-	20.2	-	20.2	-	20.2
Trade Receivables	-	-	45487.6	45487.6	-	-	-	-
Cash and Cash Equivalents	-	-	7926.6	7926.6	-	-	-	-
Other Bank Balances	-	-	290.9	290.9	-	-	-	-
Current Loans	-	-	185.0	185.0	-	-	-	-
<b>Other Current Financial Assets</b>								
- Derivative instruments	0.8	274.9	-	275.7	-	275.7	-	275.7
- Others	-	-	8.5	8.5	-	-	-	-
	<b>76.2</b>	<b>274.9</b>	<b>54417.0</b>	<b>54768.1</b>	-	<b>810.9</b>	<b>55.2</b>	<b>866.1</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	53739.0	53739.0	-	-	-	-
Trade Payables	-	-	127.6	127.6	-	-	-	-
Other Non-Current Financial Liabilities	-	-	3556.0	3556.0	-	-	-	-
<b>Current Borrowings</b>								
Trade Payables	-	-	19888.2	19888.2	-	-	-	-
<b>Other Current Financial Liabilities</b>								
- Derivative instruments	25.8	-	-	25.8	-	25.8	-	25.8
- Others	-	-	8956.5	8956.5	-	-	-	-
	<b>25.8</b>	-	<b>103721.4</b>	<b>103747.2</b>	-	<b>25.8</b>	-	<b>25.8</b>



(₹ in million)

As at 01.04.2015	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-Current Investments - others	25.1	-	-	25.1	-	-	25.1*	25.1
Non-Current Loans								
- Security Deposit	-	-	322.1	322.1	-	322.1	-	322.1
- Others	-	-	16.7	16.7	-	-	-	-
Other Non-Current Financial Assets								
- Derivative Instruments	1.7	1.5	-	3.2	-	3.2	-	3.2
Current Investments	16587.0	-	-	16587.0	-	16587.0	-	16587.0
Trade Receivables	-	-	26475.2	26475.2	-	-	-	-
Cash and Cash Equivalents	-	-	4413.0	4413.0	-	-	-	-
Other Bank Balances	-	-	304.7	304.7	-	-	-	-
Current Loans	-	-	119.2	119.2	-	-	-	-
Other Current Financial Assets								
- Derivative instruments	36.4	302.9	-	339.3	-	339.3	-	339.3
- Others	-	-	20.8	20.8	-	-	-	-
	<b>16650.2</b>	<b>304.4</b>	<b>31671.7</b>	<b>48626.3</b>	<b>-</b>	<b>17251.6</b>	<b>25.1</b>	<b>17276.7</b>
Financial liabilities								
Non-Current Borrowings	-	-	1018.3	1018.3	-	-	-	-
Trade Payables	-	-	66.3	66.3	-	-	-	-
Other Non-Current Financial Liabilities								
- Derivative instruments	1.3	1.5	-	2.8	-	2.8	-	2.8
- Others	-	-	1014.1	1014.1	-	-	-	-
Current Borrowings	-	-	3691.5	3691.5	-	-	-	-
Trade Payables	-	-	17877.1	17877.1	-	-	-	-
Other Current Financial Liabilities								
- Derivative instruments	-	-	-	-	-	-	-	-
- Others	-	-	10022.2	10022.2	-	-	-	-
	<b>1.3</b>	<b>1.5</b>	<b>33689.5</b>	<b>33692.3</b>	<b>-</b>	<b>2.8</b>	<b>-</b>	<b>2.8</b>

\* These are for operation purposes and the Group expects its refund on exit. The Group estimates that the fair value of these investments are not materially different as compared to its cost.

**B. Measurement of fair values:**

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative instruments	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable
Non-current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

**C. Financial risk management:**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

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 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 limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Company, through its training, 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.

**i. 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, and arises principally from the Group's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

**Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

As at 31 March 2017, the carrying amount of the Group's largest customer (a wholesaler based in North America) was ₹ 15918.0 million (31.03.2016 - ₹ 13572.5 million, 01.04.2015 - ₹ 6125.6 million)

Summary of the Group's exposure to credit risk by age of the outstanding from various customers is as follows:

(₹ in million)			
Particulars	<b>As at 31.03.2017</b>	As at 31.03.2016	As at 01.04.2015
Not past due but impaired	10.8	10.4	20.0
Neither past due not impaired	32149.8	42165.3	24365.2
Past due not impaired			
- 1-180 days	9329.8	2667.4	1714.0
- 181-365 days	944.6	379.9	185.3
- more than 365 days	649.2	275.0	210.7
Past due impaired			
- 1-180 days	42.4	40.5	5.7
- 181-365 days	71.7	123.2	55.9
- more than 365 days	193.5	282.2	176.5
<b>Total</b>	<b>43391.8</b>	<b>45943.9</b>	<b>26733.3</b>

#### Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Particulars	<b>2016-2017 ₹ in million</b>	2015-16 ₹ in million
Balance as at the beginning of the year	456.3	258.1
Addition on Business Combination	-	73.2
Impairment loss recognised (net)	134.0	142.5
Amounts written off	(268.7)	(24.3)
Exchange differences	(3.2)	6.8
Balance as at the year end	318.4	456.3

The impairment loss at March 31, 2017 related to several customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

#### Cash and cash equivalents

As at the year end, the Group held cash and cash equivalents of ₹ 6818.3 (31.03.2016 - ₹ 7926.6 million, 01.04.2015 - ₹ 4413.0 million). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

#### Other Bank Balances

Other bank balances are held with bank and financial institution counterparties with good credit rating.

#### Derivatives

The derivatives are entered into with bank and financial institution counterparties with good credit rating.

#### Investment in mutual funds

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties.

#### Other financial assets

Other financial assets are neither past due nor impaired.

**ii. 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 Group has obtained fund and non-fund based working capital lines from various banks. The Group invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks. The Group monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

*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.

(₹ in million)

As at 31.03.2017	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Non-Current Borrowings	56617.6	57261.2	139.8	1050.3	38634.2	17436.9
Interest Payables	32.0	784.8	210.0	176.8	366.3	31.7
Trade Payables Non-Current	59.0	59.0	-	33.0	26.0	-
Other Non-Current Financial Liabilities	4764.9	4764.9	-	3768.7	964.8	31.4
Current Borrowings	23043.3	23043.3	23043.3	-	-	-
Trade Payables Current	25889.0	25889.0	25889.0	-	-	-
Other Current Financial Liabilities	5226.0	5226.0	5226.0	-	-	-
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
- Buy						
- Outflow	266.0	4563.3	4563.3	-	-	-
- Inflow		4280.1	4280.1	-	-	-
<b>Total</b>	<b>115897.8</b>	<b>117028.2</b>	<b>54508.1</b>	<b>5028.8</b>	<b>39991.3</b>	<b>17500.0</b>

(₹ in million)

As at 31.03.2016	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Non-Current Borrowings	54321.1	53780.1	582.1	81.7	15119.8	37996.5
Interest Payables	14.1	1202.6	116.9	170.7	661.6	253.4
Trade Payables Non-Current	127.6	127.6	-	60.0	49.5	18.1
Other Non-Current Financial Liabilities	3556.0	3556.0	-	1949.6	1570.9	35.5
Current Borrowings	17454.1	17454.1	17454.1	-	-	-
Trade Payables Current	19888.2	19888.2	19888.2	-	-	-
Other Current Financial Liabilities	8360.3	8360.3	8360.3	-	-	-
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
- Outflow	25.8	357.8	357.8	-	-	-
- Inflow		329.8	329.8	-	-	-
<b>Total</b>	<b>103747.2</b>	<b>104368.9</b>	<b>46401.6</b>	<b>2262.0</b>	<b>17401.8</b>	<b>38303.5</b>

(₹ in million)

As at 01.04.2015	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Non-Current Borrowings	1679.7	1679.7	661.4	523.4	223.1	271.8
Interest Payables	4.0	132.8	26.7	19.0	40.0	47.1
Trade Payables Non-Current	66.3	66.3	-	32.5	24.1	9.7
Other Non-Current Financial Liabilities	1014.1	1014.1	-	9.8	663.1	341.2
<b>Current Borrowings</b>						
Trade Payables Current	17877.1	17877.1	17877.1	-	-	-
Other Current Financial Liabilities	9356.8	9356.8	9356.8	-	-	-
<b>Derivative financial liabilities</b>						
Forward exchange contracts (gross settled)						
- Outflow	2.8	1429.6	66.9	1362.7	-	-
- Inflow		1424.8	67.0	1357.8	-	-
<b>Total</b>	<b>33692.3</b>	<b>33818.3</b>	<b>31613.5</b>	<b>584.7</b>	<b>950.3</b>	<b>669.8</b>

### iii. 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. Thus, our exposure to market risk is a function of 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. The Group uses derivatives to manage market risk. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

#### Currency risk

The Group is exposed to currency risk on account of its operations in other countries. The functional currency of the Group is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses both derivative instruments, i.e, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

The Group enters into foreign currency forward contracts which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables.

The Group also enters into derivative contracts in order to hedge and manage its foreign currency exposures towards future export earnings. Such derivatives contracts are entered into by the Group for hedging purposes only, and are accordingly classified as cash flow hedge.

Following is the derivative financial instruments to hedge the foreign exchange rate risk:

(Amount in million)

Category	Instrument	Currency	Cross Currency	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	Buy/Sell
Hedges of highly probable forecasted transactions	Forward contract	USD	INR	USD 96.0	USD 209.0	USD 333.0	Sell
Hedges of existing payables	Forward contract	USD	BRL	-	USD 1.0	-	Buy
Hedges of existing payables	Forward contract	USD	ZAR	-	USD 1.1	-	Buy
Hedges of existing payables	Forward contract	EUR	ZAR	-	EURO 2.1	-	Buy

In addition to the above, the Group has entered into foreign currency forward contract (buy) aggregating USD 66.0 million (with cross currency INR) [31.03.2016 – USD 0.5 million with cross currency ZAR, 01.04.2015 - nil] for purposes other than hedging.

## Exposure to Currency risk

Following is the currency profile of non-derivative financial assets and financial liabilities:

(₹ in million)

Particulars	As at 31.03.2017				
	USD	EURO	GBP	JPY	Others
<b>Financial assets</b>					
Trade Receivables	33725.7	964.5	303.2	136.1	1034.7
Non-current Loan	-	1965.6	-	-	-
Non-current Financial Assets	-	-	-	-	-
Non-current other Assets	-	-	-	-	-
Current Loans	-	-	-	-	-
Current Financial Assets	-	-	-	-	-
Other current assets	-	27.9	-	-	25.1
Cash and cash equivalents	1795.0	44.7	-	108.4	94.0
Other current financial assets	-	221.4	-	-	9.7
	35520.7	3224.1	303.2	244.5	1163.5
<b>Financial liabilities</b>					
Trade Payables	5015.4	388.4	97.2	143.5	2052.5
Non-Current financial Liabilities	-	937.8	-	-	-
Other non-current Liabilities	-	-	-	-	-
Current Financial Liabilities	2.3	171.9	-	-	0.2
Current Liabilities	-	26.0	-	-	40.7
Current Tax Liabilities	-	5.3	-	-	-
Cash and cash equivalents	-	-	-	-	-
Long Term Borrowings	852.5	-	-	-	-
Other financial Liabilities	40.5	-	-	-	-
Current Borrowings	4560.5	-	-	-	-
	10471.2	1529.4	97.2	143.5	2094.4
<b>Net statement of financial position exposure</b>	<b>25049.5</b>	<b>1694.7</b>	<b>206.0</b>	<b>101.0</b>	<b>(929.9)</b>

(₹ in million)

Particulars	As at 31.03.2016				
	USD	EURO	GBP	JPY	Others
<b>Financial assets</b>					
Trade Receivables	39780.3	1060.2	495.6	48.0	641.2
Non-current Loan	3854.8	840.7	-	-	-
Non-Current Financial Assets	-	226.2	-	-	-
Non-Current other Assets	-	-	-	-	-
Current Loans	315.7	-	-	-	-
Current Financial Assets	-	17.7	-	-	-
Other Current assets	0.1	8.5	-	-	80.2
Cash and cash equivalents	12.4	-	-	29.1	12.8
Other current financial assets	-	0.9	-	-	-
	43963.3	2154.2	495.6	77.1	734.2
<b>Financial liabilities</b>					
Trade Payables	4582.7	756.4	135.8	248.6	459.3
Non-Current financial Liabilities	398.4	1191.8	-	-	-
Other non-current Liabilities	-	-	-	-	-
Current Financial Liabilities	1.1	2.1	-	-	-
Current Liabilities	-	-	-	-	6.7
Current Tax Liabilities	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
Long Term Borrowings	883.3	-	-	-	-
Other Financial Liabilities	30.9	-	-	-	-
Current Borrowings	3664.5	-	-	-	-
	9560.9	1950.3	135.8	248.6	466.0
<b>Net statement of financial position exposure</b>	<b>34402.4</b>	<b>203.9</b>	<b>359.8</b>	<b>(171.5)</b>	<b>268.2</b>

(₹ in million)

Particulars	As at 31.03.2015				
	USD	EURO	GBP	JPY	Others
<b>Financial assets</b>					
Trade Receivables	21503.8	431.2	236.1	13.8	120.0
Non-Current Loan	3312.6	213.6	-	-	-
Non-Current Financial Assets	-	213.4	-	-	-
Non-Current other Assets	-	-	-	-	-
Current Loans	0.7	-	-	-	-
Current Financial Assets	-	3.0	-	-	-
Other Current Assets	-	65.6	-	149.1	38.4
Cash and cash equivalents	114.2	-	-	-	15.7
Other current financial assets	0.1	16.7	41.9	-	-
	24931.4	943.5	278.0	162.9	174.1
<b>Financial liabilities</b>					
Trade Payables	3346.7	494.9	102.8	12.7	160.5
Non-Current financial Liabilities	371.5	924.9	-	-	-
Other non-current Liabilities	-	-	-	-	-
Current Financial Liabilities	7.2	-	-	-	5977.6
Current Liabilities	-	-	-	-	16.0
Current Tax Liabilities	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
Long Term Borrowings	829.2	-	-	-	-
Other Financial Liabilities	11.0	-	-	-	-
Current Borrowings	-	-	-	-	-
	4565.6	1419.8	102.8	12.7	6154.1
<b>Net statement of financial position exposure</b>	<b>20365.8</b>	<b>(476.3)</b>	<b>175.2</b>	<b>150.2</b>	<b>(5980.0)</b>

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars 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.

(₹ in million)

March 31, 2017	Profit or (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	250.5	(250.5)	62.3	(62.3)
EUR	16.9	(16.9)	-	-
GBP	2.1	(2.1)	-	-
JPY	1.0	(1.0)	-	-
Others	(9.3)	9.3	-	-
	<b>261.2</b>	<b>(261.2)</b>	<b>62.3</b>	<b>(62.3)</b>

(₹ in million)

March 31, 2016	Profit or (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	344.0	(344.0)	138.5	(138.5)
EUR	2.0	(2.0)	-	-
GBP	3.6	(3.6)	-	-
JPY	(1.7)	1.7	-	-
Others	2.7	(2.7)	-	-
	<b>350.6</b>	<b>(350.6)</b>	<b>138.5</b>	<b>(138.5)</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 financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

## Exposure to interest rate risk

The Group's interest rate risk arises from borrowings and obligations under finance leases. The interest rate profile of the Group's interest-bearing borrowings is as follows:

Particulars	(₹ in million)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Non-Current Borrowings			
Fixed rate borrowings	1031.0	54321.1	781.3
Variable rate borrowings	55586.6	-	898.4
	56617.6	54321.1	1679.7
Current Borrowings			
Fixed rate borrowings	781.4	6025.4	266.7
Variable rate borrowings	22261.9	11428.7	3424.8
	23043.3	17454.1	3691.5
<b>Total</b>	<b>79660.9</b>	<b>71775.2</b>	<b>5371.2</b>

## Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

## Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	(₹ in million)	
	Profit or (loss)	
	100 bp increase	100 bp decrease
Cash flow sensitivity (net)		
<b>March 31, 2017</b>		
Variable-rate borrowings	(778.5)	778.5
March 31, 2016		
Variable-rate borrowings	(114.3)	114.3

The risk estimates provided assume a change of 100 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

*Commodity rate risk*

The Group's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As of March 31, 2017, March 31, 2016 and April 1, 2015 the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.



## 59. 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 board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group 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, other bank balances and current investments.

The Group's policy is to keep the ratio below 1.5. The Group's adjusted net debt to total equity ratio at March 31, 2017 was as follows:

Particulars	(₹ in million)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Total liabilities	79660.9	71775.2	5371.2
Less : Cash and cash equivalent	6818.3	7926.6	4413.0
Less : Other Bank Balances	175.8	290.9	304.7
Less : Current Investments	21141.3	20.2	16587.0
Adjusted net debt	51525.5	63537.5	(15933.5)
Total equity	134975.7	111633.7	91732.3
Adjusted net debt to total equity ratio	0.38	0.57	(0.17)

## 60. Hedge Accounting:

The Company's risk management policy is to hedge above 15% of its estimated net foreign currency exposure in respect of highly probable forecast sales over the following 12-18 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk. Such contracts are generally designated as cash flow hedges.

The forward exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1. Most of these contracts have a maturity of 12-18 months from the reporting date. The Company's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in the cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, changes in timing of the hedged transactions is the main source of hedge ineffectiveness.

### a. Disclosure of effects of hedge accounting on financial position

(₹ in million)									
As at 31.03.2017									
Type of hedge and risks	Nominal Value (in USD mn)	Carrying amount of hedging instrument		Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/ rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities						
Cash flow hedge									
Forward exchange forward contracts	96.0	551.0	-	Other current financial assets	April 2017 – March 2018	1:1	72.55	580.8	(578.8)

(₹ in million)

As at 31.03.2016

Type of hedge and risks	Nominal Value (in USD mn)	Carrying amount of hedging instrument		Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/ rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities						
Cash flow hedge	209.0	275.7	-	Other current financial assets	April 2016 – March 2017	1:1	69.79	289.6	(289.5)
Forward exchange forward contracts									
Fair Value Hedge	2.1	-	25.8	Other current financial liabilities	April 2016 – June 2016	1:1	74.60 78.60	(19.0) (5.4)	19.0 5.4
Forward exchange forward contracts									

(₹ in million)

As at 01.04.2015

Type of hedge and risks	Nominal Value (in USD mn)	Carrying amount of hedging instrument		Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/ rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness			
		Assets	Liabilities									
Cash flow hedge	333.0	3.2	-	Other non-current financial assets	April 2015 – March 2017	1:1	63.21	NA	NA			
Forward exchange forward contracts										339.3	-	Other current financial assets
										-	(2.8)	Other non-current financial liabilities

b. Disclosure of effects of hedge accounting on financial performance:

(₹ in million)

As at 31.03.2017

	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or (loss)	Line item in the statement of profit or loss that includes the hedge ineffectiveness	Amount reclassified from cash flow hedging reserve to profit or (loss)	Line item affected in statement of profit or loss because of the reclassification
Cash flow hedge	891.2	1.0	Other Expenses – Net loss on Foreign Currency Transactions	315.0	Revenue from operations – Sale of goods

(₹ in million)

As at 31.03.2016

	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or (loss)	Line item in the statement of profit or loss that includes the hedge ineffectiveness	Amount reclassified from cash flow hedging reserve to profit or (loss)	Line item affected in statement of profit or loss because of the reclassification
Cash flow hedge	55.6	(35.9)	Other Expenses - Net loss on Foreign Currency Transactions	362.5	Revenue from operations - Sale of goods

- c. The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

(₹ in million)

Movements in cash flow hedging reserve	
<b>Balance as at April 1, 2015</b>	<b>435.9</b>
Add : Changes in the fair value of effective portion of outstanding cash flow derivative (net of settlement)	55.6
Less : Amounts re-classified to profit or loss	326.6
Less : Deferred tax	4.3
<b>As at March 31, 2016</b>	<b>160.6</b>
Add : Changes in the fair value of effective portion of outstanding cash flow derivative (net of settlement)	891.2
Less : Amounts re-classified to profit or loss	316.0
Less : Deferred tax	83.0
<b>As at March 31, 2017</b>	<b>652.8</b>

#### 61. Off-setting or similar agreements:

The recognised financial instruments that are offset in balance sheet as at March 31, 2017:

(₹ in million)

As at 31.03.2017	Effects of offsetting on the balance sheet			Amounts subject to master netting	
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Related amounts not offset	Net amount
Financial assets					
Derivative instruments	551.0	-	551.0	-	551.0
Trade and other receivables	45390.2	(20894.0)	24496.2	-	-
Financial liabilities					
Derivative instruments	(266.0)*	-	(266.0)	-	(266.0)
Trade and other payables	(20894.0)	20894.0	-	-	-

The recognised financial instruments that are offset in balance sheet as at March 31, 2016:

(₹ in million)

As at 31.03.2016	Effects of offsetting on the balance sheet			Amounts subject to master netting	
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Related amounts not offset	Net amount
Financial assets					
Derivative instruments	275.7	-	275.7	-	275.7
Trade and other receivables	42860.2	(15465.9)	27394.3	-	-
Financial liabilities					
Derivative instruments	(25.8)**	-	(25.8)	-	(25.8)
Trade and other payables	(15465.9)	15465.9	-	-	-

The recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at April 1, 2015:

(₹ in million)

As at 01.04.2015	Effects of offsetting on the balance sheet			Amounts subject to master netting	
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Related amounts not offset	Net amount
Financial assets					
Derivative instruments	342.5	-	342.5	(2.8)	339.7
Trade and other receivables	21082.2	(7993.8)	13088.3	-	-
Financial liabilities					
Derivative instruments	(2.8)	-	(2.8)	2.8	-
Trade and other payables	(7993.8)	7993.8	-	-	-

Offsetting arrangements:

(i) Trade receivables and payables

The Company has certain customers which are also supplying materials. The Group also gives rebates and discount to customers. Under the terms of agreement, the amounts payable by the Company are offset against receivables and only net amounts are settled.

(ii) Derivatives

The Company enters into derivative contracts for hedging future sales. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all the transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

\* During the year, the Company has entered into foreign currency forward contracts (buy) for purposes other than hedging.

\*\* During the previous year, subsidiaries in different geographies has entered into foreign currency forward contracts (buy) for hedging payables.

## 62. Business Combinations

### Medquímica Indústria Farmacêutica S.A

On June 24, 2015, Lupin through its subsidiary Lupin Farmaceutica do Brasil LTDA acquired 100% equity stake in Medquímica Indústria Farmacêutica S.A, Brazil ("Medquímica"), a broad based pharmaceutical company engaged in the development, manufacturing & commercialization of branded generics, pure generics and OTC products. Medquímica is one of the fastest growing companies in the Brazilian branded generics market.

The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹ 2506.4 million.

The acquisition marks Lupin's foray into the high growth Brazilian market and Lupin also expects to shore up its position in the Latin American pharmaceuticals market.

For the nine months period ended March 31, 2016, Medquímica contributed revenue of ₹ 1463.6 million and loss of ₹ 266.7 million to the group's results. If the acquisition had occurred on April 1, 2015, the consolidated revenue and loss for the full year ended would have been ₹ 1951.4 million and ₹ 341.5 million respectively based on the amounts extrapolated by the management. In determining these amounts, management has assumed that the fair value adjustments, that arose on date of acquisition would have been same if the acquisition had occurred on April 1, 2015.

#### Identifiable assets acquired and liabilities assumed

The following table summarizes the recognised amounts of assets acquired and liabilities assumed at the date of acquisition

Particulars	Note	₹ in million
Property, Plant and Equipment	2	962.6
Identifiable intangible assets	2	1844.9
Other Non-Current Assets	6	18.7
Inventories	7	184.8
Trade Receivables	9	556.2
Cash and cash equivalents	10	11.5
Other Current Assets	14	63.5
Non-Current Borrowings	17	(200.0)
Deferred Tax Liabilities (net)	43	(625.0)
Payroll obligation	21 & 24	(100.5)
Tax obligations	21 & 43	(208.6)
Non-Current Provisions	20	(50.9)
Current Borrowings	22	(727.7)
Other Payables	19 & 24	(48.9)
Trade payables	23	(338.6)
<b>Total identifiable net assets acquired</b>		<b>1342.0</b>

The gross contractual amounts and the fair value of trade and other receivables acquired is ₹ 556.2 million. None of the trade and other receivables are credit impaired and it is expected that the full contractual amounts will be recoverable.

Total goodwill on acquisition was ₹ 1164.4 million on acquisition of Medquímica. The goodwill on acquisition can be attributable to Medquímica's skilled employees, strong distribution network in Brazilian pharmaceutical markets and its niche high-growth therapy segments. No amount of Goodwill is expected to be deductible for tax purpose.

**GAVIS Group**

On July 23, 2015, Lupin, through Lupin Inc. (LINC), a wholly owned subsidiary, entered into a Purchase and Sale Agreement, as amended (the 'SPA') to acquire 100% equity stake in Gavis Pharmaceuticals, LLC, VGS Holdings, Inc., Novel Laboratories, Inc. Novel Clinical Research (India) Pvt. Ltd, Edison Therapeutics LLC, part of the GAVIS Group ("GAVIS"). Subsequently, LINC entered into an Asset Purchase Agreement dated March 07, 2016 with Lupin Atlantis Holdings SA (LAHSA), its holding company, whereby LAHSA agreed to purchase certain assets directly from the GAVIS Sellers. The acquisition is with effect from March 8, 2016.

The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹ 55598.4 million.

GAVIS is based in New Jersey and specializes in formulation development, manufacturing, packaging, sales, marketing, and distribution of pharmaceuticals products. GAVIS's New Jersey based manufacturing facility has become Lupin's first manufacturing site in the US.

The impact of Gavis on the Group's financial results after acquisition i.e. from March 8, 2016 is not material on Group revenue and profits for the year ended March 31, 2016. Further, given that subsequent to this acquisition business of the Gavis has been restructured, it is not possible to accurately estimate the impact of the acquisition on Group revenues and profits for the year ended March 31, 2016 (assuming that acquisition would have occurred at the beginning of the previous year).

*Identifiable assets acquired and liabilities assumed*

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Particulars	Note	₹ in million
Property, Plant and Equipment	2	1410.1
Capital work-in-progress	2	1715.9
Other intangible assets	2	28043.2
Intangible assets under development	2	16388.7
Other Non-Current Assets	6	4035.9
Inventories	7	1895.8
Trade Receivables	9	1321.2
Cash and cash equivalents	10	1917.5
Current Loans	12	5.0
Other Financial Assets	13	8.4
Other Current Assets	14	632.9
Current Tax Assets	43	132.5
Deferred Tax Liabilities (net)	43	(1401.7)
Current Borrowings	22	(2934.4)
Trade Payables	23	(1569.6)
Other Financial Liabilities	24	(2059.3)
Current Provisions	26	(340.0)
<b>Total identifiable net assets acquired</b>		<b>49202.1</b>

The gross contractual amounts and the fair value of trade and other receivables acquired is ₹ 1321.2 million. None of the trade and other receivables are credit impaired and it is expected that the full contractual amounts will be recoverable.

Total goodwill was ₹ 6396.3 million on acquisition of GAVIS which can be attributable to GAVIS's highly skilled Research & Development facilities. The acquisition creates the 5th largest portfolio of ANDA filings with the FDA in the US. Goodwill of ₹ 4734.2 million is expected to be deductible for tax purpose.

### Acquisition of Specialty Product Portfolio of Temmler

On August 3, 2015, Lupin, through Lupin Atlantis Holdings SA, a wholly owned subsidiary, entered into a strategic asset purchase agreement with Temmler Pharma GmbH & Co. KG (Temmler), a part of the Aenova Group, one of the world's largest pharmaceutical contract manufacturers, to acquire Temmler's specialty product portfolio.

Based in Marburg (Germany), Temmler had a fast growing specialty portfolio of 13 products including key Central Nervous System (CNS) products and specialty products that address rare diseases.

The purchase consideration was ₹ 1686.9 million payable in cash and contingent consideration of ₹ 117.4 million (undiscounted amount: ₹ 138.6 million, payable in January 2019).

Lupin has agreed to pay Temmler an additional consideration, on extension of marketing authorisation of a specified product for a further period of 3 years from January 2019.

The brokerage fee of ₹ 66.2 million related to the acquisition has been included under commission and brokerage expenses in the consolidated statement of profit and loss for the year ended March 31, 2016.

For the 8 month period ended March 31, 2016, Temmler contributed revenue of ₹ 365.7 million and profit of ₹ 11.8 million to the group's results. If the acquisition had occurred on April 01, 2015, the consolidated revenue and profit for the full year ended would have been ₹ 541.6 million and ₹ 17.5 million respectively based on the amounts extrapolated by the management. In determining these amounts, management has assumed that the fair value adjustments, that arose on date of acquisition would have been same if the acquisition had occurred on April 01, 2015.

#### Identifiable assets acquired and liabilities assumed

The following table summarizes the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Particulars	Note	₹ in million
Identifiable intangible assets	2	1085.2
Intangible assets under development	2	719.1
<b>Total identifiable net assets acquired</b>		<b>1804.3</b>

### 63. Additional information as required by Part III of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Particulars	Net assets, i.e., total assets minus total liabilities		Share of profit		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As % of consolidated net assets	₹ in million	As % of consolidated profit	₹ in million	As % of consolidated other comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
<b>Parent</b>								
Lupin Ltd	109.5	147802.4	122.8	31413.3	(39.0)	(61.7)	121.8	31351.6
<b>Indian Subsidiaries</b>								
Lupin Healthcare Ltd., India	0.1	80.5	-	1.0	-	-	-	1.0
Novel Clinical Research (India) Pvt. Ltd.	-	-	-	0.1	-	-	-	0.1
<b>Foreign Subsidiaries</b>								
Lupin Pharmaceuticals, Inc., USA	1.3	1771.5	2.8	714.2	107.3	169.9	3.4	884.1
Kyowa Pharmaceutical Industry Co., Ltd., Japan	7.0	9484.4	4.7	1194.1	(36.1)	(57.2)	4.4	1137.0
Kyowa Criticare Co., Ltd., Japan	1.3	1743.7	(1.0)	(250.2)	2.5	4.0	(1.0)	(246.2)
Hormosan Pharma GmbH, Germany	-	27.1	0.5	122.1	27.4	43.4	0.6	165.4
Pharma Dynamics (Proprietary) Ltd., South Africa	1.8	2412.4	3.8	962.7	31.1	49.2	3.9	1011.9
Lupin Australia (Pty) Ltd., Australia	-	14.2	-	(4.1)	-	-	-	(4.1)

	Net assets, i.e., total assets minus total liabilities		Share of profit		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As % of consolidated net assets	₹ in million	As % of consolidated profit	₹ in million	As % of consolidated other comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
Lupin Holdings B.V., Netherlands	12.5	16915.0	0.6	160.4	(36.5)	(57.8)	0.4	102.6
Lupin Atlantis Holdings SA, Switzerland	14.3	19350.4	(19.1)	(4879.2)	(9.6)	(15.2)	(19.0)	(4894.4)
Multicare Pharmaceuticals Philippines Inc., Philippines	0.5	672.7	0.6	142.9	(25.7)	(40.6)	0.4	102.3
Lupin (Europe) Ltd., U.K.	(0.2)	(216.0)	(0.8)	(214.1)	7.6	12.1	(0.8)	(202.0)
Lupin Pharma Canada Ltd., Canada	-	(9.3)	-	(0.9)	9.1	14.5	0.1	13.6
Generic Health Pty Ltd., Australia	0.1	78.5	0.1	15.9	7.9	12.5	0.1	28.4
Bellwether Pharma Pty Ltd., Australia	-	(8.8)	-	-	0.2	0.3	-	0.3
Lupin Mexico SA de CV, Mexico	-	10.2	-	(1.5)	-	-	-	(1.5)
Lupin Philippines Inc., Philippines	-	44.5	-	0.2	3.2	5.1	-	5.3
Generic Health SDN. BHD., Malaysia	-	0.4	-	(0.8)	-	-	-	(0.8)
Lupin Middle East FZ - LLC, UAE	-	(12.8)	(0.1)	(16.5)	0.1	0.1	(0.1)	(16.3)
Lupin GmbH, Switzerland	0.1	118.9	-	(4.0)	-	-	-	(4.0)
Lupin Inc, USA	6.3	8472.1	1.4	350.9	14.4	22.8	1.5	373.7
Nanomi B.V., Netherlands	(1.2)	(1602.3)	(3.5)	(899.2)	74.9	118.5	(3.0)	(780.7)
Laboratorios Grin, S.A. de C.V., Mexico	0.8	1087.4	0.6	160.9	(57.7)	(91.4)	0.3	69.5
Lupin Pharma LLC, Russia	-	23.4	-	(10.4)	-	-	-	(10.4)
Medquimica Industria Farmaceutica S.A., Brazil	2.8	3741.2	(1.2)	(317.4)	271.5	429.7	0.4	112.3
Lupin Research Inc, USA	-	-	-	-	-	-	-	-
Gavis Pharmaceuticals LLC, USA	(0.7)	(893.8)	-	(0.8)	12.3	19.4	0.1	18.6
VGS Holdings Inc, USA (merged with Novel Laboratories Inc w.e.f. February 24, 2017)	-	-	-	-	(0.0)	(0.0)	-	-
Novel Laboratories Inc, USA	3.2	4370.9	(0.4)	(111.2)	(55.7)	(88.2)	(0.8)	(199.4)
Edison Therapeutics LLC, USA (up to February 24, 2017)	-	-	-	-	-	-	-	-
Lupin Ukraine LLC, Ukraine (w.e.f. July 06, 2016)	-	(1.6)	-	(1.9)	-	-	-	(1.9)
Lupin Latam, Inc., USA (w.e.f. December 15, 2016)	-	0.3	-	0.3	-	-	-	0.3
Lupin Japan & Asia Pacific K.K., Japan (w.e.f. March 13, 2017)	-	2.3	-	(1.1)	-	-	-	(1.1)
<b>Non-Controlling Interests in the Subsidiaries</b>								
Multicare Pharmaceuticals Philippines Inc., Philippines	(0.2)	(328.0)	(0.3)	(70.0)	12.6	20.0	(0.2)	(50.0)
Kyowa Pharmaceutical Industry Co., Ltd., Japan (consolidated)	-	(17.2)	-	(1.7)	-	-	-	(1.7)
<b>Foreign Jointly Controlled Entity (to the extent of shareholding)</b>								
YL Biologics Limited, Japan	-	-	0.3	82.5	-	-	0.3	82.5
<b>Total Eliminations / Consolidation Adjustments</b>	(59.3)	(80158.9)	(11.8)	(2961.9)	(221.8)	(351.1)	(12.8)	(3313.1)
<b>Total</b>	<b>100.0</b>	<b>134975.7</b>	<b>100.0</b>	<b>25574.6</b>	<b>100.0</b>	<b>158.3</b>	<b>100.0</b>	<b>25732.9</b>

The above amounts / percentage of net assets and net profit or (loss) in respect of Lupin Limited and its subsidiaries and a jointly controlled entity are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.



**64. Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:**

**A. Relationships –**

**Category I: Jointly Controlled Entity:**

YL Biologics Ltd., Japan

**Category II: Key Management Personnel (KMP)**

Dr. D. B. Gupta	Chairman
Dr. Kamal K. Sharma	Vice Chairman
Ms. Vinita Gupta	Chief Executive Officer
Mr. Nilesh Gupta	Managing Director
Mrs. M. D. Gupta	Executive Director
Mr. Ramesh Swaminathan	Chief Financial Officer and Executive Director
Mr. R.V. Satam	Company Secretary

**Non-Executive Directors**

Dr. Vijay Kelkar  
Mr. R. A. Shah  
Mr. Richard Zahn  
Dr. K. U. Mada  
Mr. Dileep C. Choksi  
Mr. Jean-Luc Belingard

**Category III: Others (Relatives of KMP and Entities in which the KMP and Relatives of KMP have control or significant influence)**

Mrs. Kavita Sabharwal (Daughter of Chairman)  
Dr. Anuja Gupta (Daughter of Chairman)  
Dr. Richa Gupta (Daughter of Chairman)  
Mrs. Pushpa Khandelwal (Sister of Chairman)  
Mrs. Shefali Nath Gupta (Wife of Managing Director)  
Ms. Veda Nilesh Gupta (Daughter of Managing Director)  
BS Merc Private Limited (formerly Bharat Steel Fabrication and Engineering Works)  
D. B. Gupta (HUF)  
Lupin Human Welfare and Research Foundation  
Lupin Foundation  
Lupin International Pvt. Limited (upto September 21, 2016)  
Lupin Investments Pvt. Limited  
Lupin Holdings Pvt. Limited  
Matashree Gomati Devi Jana Seva Nidhi  
Polynova Industries Limited  
Rahas Investments Pvt. Limited  
Synchem Investments Pvt. Limited (upto September 21, 2016)  
Visiomed Investments Pvt. Limited  
Zyma Laboratories Limited  
Concept Pharmaceuticals Limited  
Shuban Prints  
TeamLease Services Limited

**B. Transactions with the related parties**

Sr No	Transactions	For the year ended 31.03.2017 ₹ in million	For the year ended 31.03.2016 ₹ in million
1.	Rent Expenses		
	Others	77.8	90.2
2.	Expenses Recovered / Rent Received		
	Jointly Controlled Entity	149.6	108.5
	Others	2.8	2.7
3.	Remuneration Paid		
	Key Management Personnel	987.8	1055.6
4.	Purchases of Goods / Materials		
	Others	164.2	149.6
5.	Commission & Sitting Fees to Non-Executive Directors		
	Key Management Personnel	27.1	23.7
6.	Donations Paid		
	Others	203.4	197.4
7.	Dividend Paid		
	Key Management Personnel	44.2	49.4
	Others	1543.9	1527.8
8.	Services Received (Expense)		
	Jointly Controlled Entity	922.9	640.6
	Others	46.4	49.2
9.	Expenses Reimbursed		
	Others	11.5	-
Compensation paid to Key Management Personnel		For the year ended 31.03.2017 ₹ in million	For the year ended 31.03.2016 ₹ in million
Short-term employee benefits		890.8	868.4
Post-employment benefits		40.8	37.2
Share based payments		56.2	150.0
<b>Total</b>		<b>987.8</b>	<b>1055.6</b>

## Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31.03.2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31.03.2016 - ₹ nil, 01.04.2015 - ₹ nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### C. Balances due from/to the related parties:

Sr. No.	Balances	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
1.	Deposits paid under Leave and License arrangement for premises			
	Others	43.4	54.7	54.7
2.	Trade Payables			
	Jointly Controlled Entity	46.0	-	-
	Others	4.6	3.9	3.4
3.	Advance to Vendors			
	Jointly Controlled Entity	-	139.7	149.1
4.	Commission Payable			
	Key Management Personnel	428.6	400.5	326.8
5.	Expenses Receivable			
	Jointly Controlled Entity	6.5	0.8	-
6.	Deposits received under Leave and License arrangement for premises			
	Others	0.1	0.1	0.1

Transactions and balances with Jointly Controlled Entity have been reported at full value.

### 65. First time adoption of Ind AS:

Transition to Ind AS:

For the purposes of reporting as set out in Note 1(a)(i), the Company has transitioned basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1B have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing opening Ind AS balance sheet, the Company has adjusted amounts reported in financial statements prepared in accordance with IGAAP. On transition, the Company did not revise estimates previously made under IGAAP except where required by Ind AS.

### A. Reconciliation of Equity reported

Particulars	Footnote ref.	As at 31.03.2016	As at 01.04.2015
		(Net of deferred tax)	(Net of deferred tax)
		₹ in million	₹ in million
<b>Equity reported under IGAAP</b>		109843.7	88740.6
Summary of Ind AS adjustments			
Proposed Dividend	1	3379.4	3371.2
Tax on Proposed Dividend	1	688.0	686.3
Revenue Recognition - Measurement of Revenue, Linked Arrangements	2	(1042.6)	(973.8)
Trade and other receivables	3	(5.3)	(12.2)
Stock Appreciation Rights (SARs) Liability - Reclassification and Fair Valuation	4	-	(473.7)
Treasury Stock on consolidation of SARs trust	4	-	(270.8)
Retained earnings on consolidation of SARs trust	4	58.8	57.2
Deferred tax on Employee Stock Option Plan (ESOP) cost charged to subsidiaries	5	32.6	-
Fair valuation of Mutual Funds Investments	6	-	18.4
Fair valuation of non-current security deposits	8	(1.1)	(0.5)
Reversal of straight lining of lease rent	9	3.7	-
Actuarial gains/ losses transferred from inventory to Other comprehensive income	10	(2.3)	-
Deferred Tax on Unrealised Profit	11	2535.1	1668.1
Adjustments pertaining to Contingent Consideration - Nanomi BV	12 & 13	(1060.8)	(924.9)
Adjustments related to Business Combination - MQ	13	(162.8)	-
Adjustments related to Business Combination - Gavis	13	(297.6)	-
Adjustments pertaining to Business Combination - Temmler	13	(48.1)	-
FCTR on Goodwill Translation	14	(2277.4)	(228.3)
Deferred Tax on forward contracts designated in a hedging relationship	15	(9.4)	74.7
Total Ind AS adjustments		1790.0	2991.7
<b>Equity reported under Ind AS</b>		<b>111633.7</b>	<b>91732.3</b>

**B. Reconciliation of Total Comprehensive income**

Particulars	Footnote ref.	For the year ended 31.03.2016
		₹ in million
<b>Net profit reported under IGAAP</b>		22706.9
Summary of Ind AS adjustments (Net of deferred tax)		
Revenue Recognition - Measurement of Revenue, Linked Arrangements	2	(68.6)
Trade and other receivables	3	6.9
SARs cost	4	(50.5)
ESOP cost	5	(479.3)
Deferred tax on Employee Stock Option Plan (ESOP) cost charged to subsidiaries	5	32.6
Fair valuation of Mutual Funds Investments	6	(18.4)
Effective portion of Profit on hedging instruments transferred to Cash Flow Hedge Reserve	7	90.7
Fair valuation of non-current security deposits	8	(0.5)
Reversal of straight lining of lease rent	9	3.7
Deferred tax on unrealised profits	11	867.2
Adjustments pertaining to Contingent Consideration - Nanomi BV	12	(79.4)
Adjustments pertaining to Business Combination - Mediquimica	13	(160.3)
Adjustments pertaining to Business Combination - Gavis	13	(316.4)
Adjustments pertaining to Business Combination - Temmler	13	(44.8)
Adjustments pertaining to Translation Differences	16	(538.6)
Total Ind AS adjustments		(755.7)
<b>Total Comprehensive Income under Ind AS</b>		<b>21951.2</b>

**C. Reconciliation of Statement of Cash Flow**

There were no material differences between the Statement of Cash Flows presented under Ind AS and under IGAAP.

Notes to the reconciliation:

## 1. Proposed dividend

Under IGAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Group (usually when approved by shareholders in a general meeting) or paid.

In the case of the Group, the declaration of dividend has occurred after period end. Therefore, the liability recorded for this dividend and tax thereon, has been derecognised against retained earnings.

## 2. Revenue Recognition - Measurement of Revenue, Linked arrangements

Under Ind AS, revenue is required to be measured at the fair value of consideration received or receivable. Further, under Ind AS, rebates and cash discounts expected to be offered in subsequent periods are required to be factored in and a corresponding reduction from revenue is considered.

The Company enters into out licensing products for the purpose of selling its products in various markets. Ind AS requires an evaluation of separate standalone value of a deliverable while determining the timing and subsequently measuring revenue. In view of this requirement, revenue in relation to dossier arrangements have been re-allocated and consequent impact on timing of revenue recognition has been considered.

## 3. Trade and other Receivables

Under IGAAP, the Company has created provision for impairment of receivables only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

#### 4. Stock Appreciation Rights (SARs) Liability

Under IGAAP, expenses in relation to SARs were measured with reference to intrinsic value and the corresponding sum was reflected as part of the reserves. Under Ind AS, the expense in relation to the SARs are required to be measured at fair value and to be presented as a liability.

Further, under Ind AS, the Group has elected to treat the Trust (set up to administer the SARs) as a branch. Consequently, the equity shares of the Company held by the Trust have been presented as Treasury Stock and reduced from the equity.

#### 5. ESOP Cost

Under IGAAP, the Group recognised only the intrinsic value for the ESOP plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of ₹ 354.9 million (net of ₹ 124.4 million cross charged to subsidiaries) has been recognised in profit or loss for the year ended March 31, 2016. Lupin Limited has granted ESOPs to employees of its subsidiaries. Under Ind AS, Lupin Limited is required to cross charge its subsidiaries for the ESOPs granted. In the consolidated financial statements, the deferred tax liability created in the separate financial statements of the subsidiaries on account of the ESOP cross charge is required to be reversed.

#### 6. Fair valuation of Mutual Funds Investments

Under IGAAP, Mutual Funds Investments were carried at cost and only mark to market losses were recognised in Consolidated Statement of Profit and Loss. Under Ind AS, Mutual Funds Investments are fair valued at the period end and resulting mark to market loss or gain is transferred to Consolidated Statement of Profit and Loss.

#### 7. Effective portion of Losses on hedging instruments transferred to Cash Flow Hedge

The fair value of forward foreign exchange contracts is recognised under both IGAAP and Ind AS. Under IGAAP, effective portion of Losses on hedging instruments is transferred to Cash Flow Hedge Reserve, and was not part of net profit reported under IGAAP. Under Ind AS, said amount is disclosed as a part of other comprehensive income.

#### 8. Fair valuation of non-current security deposits

Under IGAAP, security deposits are carried at their book values. Under Ind AS, non-cancellable deposits (other than statutory in nature) are required to be measured at their fair values at inception using an appropriate discounting rate

#### 9. Reversal of straight lining of lease rent

Lease rentals straight-lined under IGAAP, to the extent linked to inflation are reversed under Ind AS 17.

#### 10. Actuarial gains/ losses transferred from inventory to other comprehensive income

Under IGAAP, actuarial gains / losses were transferred to net profit and proportionate amounts included in cost of inventories. Under Ind AS, these proportionate amounts included in inventories are transferred to other comprehensive income.

#### 11. Deferred Tax on Unrealised Profit

Unrealised profits eliminated on intra-group transfer of inventories give rise to a temporary difference that will reverse when inventory is sold outside the group and accordingly, deferred tax has been recognised.

#### 12. Adjustments pertaining to Contingent Consideration

Under Ind AS, subsequent changes in fair value of the contingent consideration needs to be recognized in Statement of Profit and Loss.

#### 13. Adjustments pertaining to Business Combination

Under Ind AS, for business combinations after the date of transition, the assets and liabilities are recognised at their respective fair values on the date of acquisition. In addition, adjustments are also required for the following:

- (i) fair value of intangible assets not recognised in the separate financial statements of the acquiree such as brands, marketing rights and relationships with distributors.
- (ii) in cases where consideration is contingent on future events, the fair value of contingent consideration is recognised.

The Company, however, has chosen to grandfather past business combinations (including goodwill recognised for such business combinations) entered into prior to the date of transition. Accordingly, contingent consideration in relation to a past acquisition has been adjusted with retained earnings as of the date of transition.

#### 14. FCTR on Goodwill translation

Under Ind AS, Goodwill related to a foreign operation are treated as assets and liabilities of the foreign operation and they are considered to be expressed in the functional currency of the foreign operation (and not the holding company) and are translated at the exchange rate at the reporting date.

#### 15. Deferred Tax on forward contracts designated in a hedging relationship

The Company presently uses foreign exchange forward contracts to hedge its exposure to movement in foreign exchange rates on account of forecast sales to its subsidiary in the future periods. Under Ind AS, from the perspective of the consolidated financial statements, the contracts are required to be designated as hedges for sales made by the subsidiary to external parties. Accordingly, the Company is required to reclassify a portion of its sales pertaining to unsold inventory from the perspective of the Group to its cash flow hedge reserve. While this adjustment does not have an impact on equity, this gives rise to a temporary difference, and accordingly, deferred tax has been recognised.

#### 16. Adjustments pertaining to Translation Differences

Under Ind AS, the translation differences arising from conversion of functional currency of the subsidiaries to reporting currency of the parent company is transferred to other comprehensive income. Under IGAAP, the translation difference was transferred to Foreign Currency Translation Reserve, and was not part of net profit reported under IGAAP.

- 66.** The Consolidated Financial Statements includes results of operations of nine new subsidiaries/business acquired/incorporated in the previous year and three subsidiaries incorporated during the year. Accordingly, the current year figures are not strictly comparable with those of the previous year.

67. The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016 is provided in the table below (refer note 10):

(₹ in million)			
Particulars	SBN	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	5.1	1.2	6.3
Add : Permitted receipts	-	4.3	4.3
Less : Permitted payments	(0.1)	(3.0)	(3.1)
Less : Amount deposited in Banks	(5.0)	-	(5.0)
Closing cash in hand as on 30.12.2016	-	2.5	2.5

68. The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable loss. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / accounting standard for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the consolidated financial statements.

Signature to Note 1 to 68

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

For and on behalf of **Board of Directors of Lupin Limited**

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**Vinita Gupta**  
Chief Executive Officer  
DIN: 00058631

**Nilesh Gupta**  
Managing Director  
DIN: 01734642

**M. D. Gupta**  
Executive Director  
DIN: 00209461

**Ramesh Swaminathan**  
Chief Financial Officer  
& Executive Director  
DIN: 01833346

**Dr. Vijay Kelkar**  
Director  
DIN: 00011991

**R. A. Shah**  
Director  
DIN: 00009851

**Richard Zahn**  
Director  
DIN: 02937226

**Dr. K. U. Mada**  
Director  
DIN: 00011395

**Dileep C. Choksi**  
Director  
DIN: 00016322

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

**R.V. Satam**  
Company Secretary  
ACS - 11973

# Standalone Financial Statements

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUPIN LIMITED

## Report on the Standalone Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Lupin Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 of standalone Ind AS financial statements 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 standalone 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 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.

## Other matter

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory standalone financial statements prepared in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under Section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2014, audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 19 May 2016 and 13 May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of the above matter.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in exercise of powers conferred by section 143 (11) of the Act, we enclose in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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 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 Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors are 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"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 – Refer Note 35 to the standalone Ind AS financial statements;
  - ii. The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses if any, on long-term contracts including derivative contracts. Refer note 59 to the standalone Ind AS financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - 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. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note 50 to the standalone Ind AS financial statements.

For **BSR & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**

Partner

Membership No: 113156

Place : Mumbai  
Dated : May 24, 2017

## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH, 2017

(Referred to our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all 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 has been physically verified by the management during the year and no material discrepancies have been 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 based on the examination of the registered sale deed / transfer deed / conveyance deed / share certificate / other documents evidencing title and provided to us, we report that the title deeds of immovable properties of land and building which are freehold, as disclosed in Note 2 to the standalone Ind AS financial statements, are held in the name of the Company, except for the following:

Particulars of the land and building	Gross Block (as at 31 March 2017) (₹ in million)	Net Block (as at 31 March 2017) (₹ in million)	Remarks
Freehold land located in Maharashtra admeasuring 7 Hectare and 70.91 Acre	29.6	29.6	The title deeds are in the name of the erstwhile Company that was amalgamated with the Company pursuant to the Scheme of amalgamation sanctioned by the Hon'ble Bombay High Court.
Freehold building located in Maharashtra admeasuring 8,038 sqft	133.9	95.8	The title deeds are in the name of erstwhile Company that was amalgamated with the Company pursuant to the Scheme of amalgamation sanctioned by the Hon'ble Bombay High Court.

Immovable properties of land whose title deeds have been pledged as security for loans taken in earlier years are held in the name of the Company based on the confirmations directly received by us from lenders.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in Note 2 to the standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement, except the following:

Particulars of the building	Gross Block (as at 31 March 2017) (₹ in million)	Net Block (as at 31 March 2017) (₹ in million)	Remarks
Leasehold building located in Delhi admeasuring 1,628 sqft	2.8	2.4	The title deeds are in the name of erstwhile Company that was amalgamated with the Company pursuant to the Scheme of amalgamation sanctioned by the Hon'ble Bombay High Court.

In respect of immovable properties of land and buildings which are disclosed as fixed asset in the financial statements, the original documents are not available for verification, details of which are as given below:

<b>Particulars of the land and the building</b>	<b>Gross Block (as at 31 March 2017) (₹ in million)</b>	<b>Net Block (as at 31 March, 2017) (₹ in million)</b>
Building located in Maharashtra	7.5	5.4
Land located in Uttarakhand	0.3	0.3

- (ii) Inventories apart from goods in transit and inventories lying with outside parties have been physically verified by the Management during the year and the discrepancies noticed on such verification between the physical stock and book records were not material. In our opinion, the frequency of such verification is reasonable. Inventories lying with outside parties has been substantially confirmed by them as at the year-end and no material discrepancies were noticed in respect of such confirmations.
- (iii) In our opinion and according to 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 Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and Section 186 of the Act, in respect of making investments and providing guarantees as applicable. The Company has not granted any loans or provided any security to the parties covered under Section 185 and section 186 of the Act.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits as per the directives issued by the Reserve Bank of India under 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 Section 148 (1) of the Act for Drugs and Pharmaceuticals Products 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, Value added tax, Sales tax, Service tax, duty of Customs, duty of Excise, Cess and other material statutory dues have generally been 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, Value added tax, Sales tax, Service tax, duty of Customs, duty of Excise, 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, Value added tax, Service tax, duty of Customs, duty of Excise, Cess which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Annexure C 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 loans or borrowings to banks and government. The Company has not taken any loans or borrowings from financial institutions and has not issued any debentures.
- (ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the course of our audit.

- (xi) According to the information and explanations give 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 and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with 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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act read with the relevant rules issued thereunder.
- (xiv) According to the information and explanations give 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 non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (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.

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

Place : Mumbai  
Dated : May 24, 2017

**Venkataramanan Vishwanath**  
Partner  
Membership No: 113156

## **ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2017 ON STANDALONE IND AS FINANCIAL STATEMENT**

### **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 Lupin 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 ('the Act').

#### **Auditor's 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 issued by the ICAI.

For **BSR & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**

Partner

Membership No: 113156

Place : Mumbai

Dated : May 24, 2017

**ANNEXURE - C TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2017**

Amounts of dues of Income tax, sales tax, Value added tax, Service tax, duty of Customs, duty of Excise which have not been deposited with the appropriate authorities on account of any dispute

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount demanded (₹ million)	Amount unpaid (₹ million)
Income tax Act, 1961	Income tax	Commissioner of Income tax (Appeals)	2006-2012	840.7	0.9
Central Excise Act, 1944	Excise duty-De-bonding related	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2010, 2011 and 2012	581.6	13.3
		Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	Various	82.2	78.9
	Excise duty-Other	Commissioner of Central Excise (Appeals)	2007-2012	104.6	104.6
	Service tax credit matters	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2006-2008	55.7	55.4
		Additional Commissioner	2007-08	1.2	1.2
Central and various States' Sales Tax Acts and various States' Value Added Tax Acts	Sales tax, Value Added tax	Sales Tax Tribunal	2000-01, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2009-10, 2010-11	33.0	29.6
		Supreme Court	2002-03, 2003-04, 2005-06	7.2	-
		Commissioner of Sales Tax (Appeals)		8.4	6.2
		High court	2000-01, 2002-03, 2004-05	0.5 4.7 6.9	0.5 1.8 3.6
		Joint Commissioner	2001-02	0.2	-
		Deputy Commissioner	1994-95, 2000-01	0.1	-
		Additional Commissioner	1994-95, 2010-11, 2012-13	14.4	12.8
		Assistant Commissioner	2003-04	0.5	-
The Customs Act, 1962	Customs duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2010-11	0.8	0.8



# BALANCE SHEET AS AT MARCH 31, 2017

	Note	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
a. Property, Plant and Equipment	2	29,929.8	23,278.4	20,206.7
b. Capital Work-in-Progress	2	4,807.6	6,242.5	4,899.6
c. Intangible Assets	2	195.4	170.9	149.3
d. Financial Assets				
(i) Non-Current Investments				
- In Subsidiaries	3	47,963.9	37,353.4	17,877.9
- In Others	3	55.3	54.8	24.7
(ii) Non-Current Loans	4	535.2	390.1	237.5
(iii) Other Non-Current Financial Assets	5	-	-	3.2
e. Non-Current Tax Assets (Net)		307.7	344.2	283.6
f. Other Non-Current Assets	6	2,167.4	1,962.3	1,868.2
		85,962.3	69,796.6	45,550.7
<b>Current Assets</b>				
a. Inventories	7	21,256.6	19,139.6	17,395.1
b. Financial Assets				
(i) Current Investments	8	21,120.0	-	16,567.8
(ii) Trade Receivables	9	39,024.5	45,451.5	25,131.5
(iii) Cash and Cash Equivalents	10	1,580.1	184.9	573.0
(iv) Other Bank Balances	11	160.7	164.7	58.0
(v) Current Loans	12	150.0	119.9	90.4
(vi) Other Current Financial Assets	13	900.1	573.7	470.3
c. Current Tax Assets (Net)		267.0	-	-
d. Other Current Assets	14	8,061.1	6,930.5	4,058.7
		92,520.1	72,564.8	64,344.8
	<b>TOTAL</b>	<b>178,482.4</b>	<b>142,361.4</b>	<b>109,895.5</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a. Equity Share Capital	15	903.2	901.2	899.0
b. Other Equity	16	146,899.2	118,229.5	91,867.9
		147,802.4	119,130.7	92,766.9
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
a. Financial Liabilities				
(i) Non-Current Borrowings	17	88.9	138.6	191.4
(ii) Trade Payables	18	45.4	57.0	6.7
(iii) Other Non-Current Financial Liabilities	19	56.4	62.7	75.3
b. Non-Current Provisions	20	1,678.6	1,219.6	1,031.2
c. Deferred Tax Liabilities (Net)	45	2,102.1	1,269.7	1,424.5
d. Other Non-Current Liabilities	21	1,052.5	932.1	744.3
		5,023.9	3,679.7	3,473.4
<b>Current Liabilities</b>				
a. Financial Liabilities				
(i) Current Borrowings	22	5,796.2	3,729.6	209.5
(ii) Trade Payables	23	14,784.9	11,289.4	9,197.7
(iii) Other Current Financial Liabilities	24	2,653.8	2,110.8	2,262.1
b. Other Current Liabilities	25	597.2	702.1	517.3
c. Current Provisions	26	1,404.7	1,107.5	1,047.3
d. Current Tax Liabilities (Net)		419.3	611.6	421.3
		25,656.1	19,551.0	13,655.2
	<b>TOTAL</b>	<b>178,482.4</b>	<b>142,361.4</b>	<b>109,895.5</b>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

**Venkataraman Vishwanath**  
Partner  
Membership No. 113156

For and on behalf of **Board of Directors of Lupin Limited**

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**Vinita Gupta**  
Chief Executive Officer  
DIN: 00058631

**Nilesh Gupta**  
Managing Director  
DIN: 01734642

**M. D. Gupta**  
Executive Director  
DIN: 00209461

**Ramesh Swaminathan**  
Chief Financial Officer  
& Executive Director  
DIN: 01833346

**Dr. Vijay Kelkar**  
Director  
DIN: 00011991

**R. A. Shah**  
Director  
DIN: 00009851

**Richard Zahn**  
Director  
DIN: 02937226

**Dr. K. U. Mada**  
Director  
DIN: 00011395

**Dileep C. Choksi**  
Director  
DIN: 00016322

**Jean Luc Belingard**  
Director  
DIN: 07325356

**R.V. Satam**  
Company Secretary  
ACS - 11973

Place : Mumbai  
Dated : May 24, 2017

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

	Note	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
<b>INCOME:</b>			
Revenue from Operations	27	127,531.5	113,437.7
Other Income	28	884.7	1,868.5
<b>Total Income</b>		<b>128,416.2</b>	<b>115,306.2</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	29	22,068.2	23,375.9
Purchases of Stock-in-Trade		13,202.1	11,067.3
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	30	(1,852.6)	(1,727.2)
Employee Benefits Expense	31	14,030.3	12,180.9
Finance Costs	32	294.2	241.1
Depreciation and Amortisation Expense	2	3,661.1	3,056.1
Other Expenses	33	35,222.3	28,670.8
<b>Total Expenses</b>		<b>86,625.6</b>	<b>76,864.9</b>
<b>Profit before Tax</b>		<b>41,790.6</b>	<b>38,441.3</b>
<b>Tax Expense</b>	45		
- Current Tax (net)		9,493.4	10,277.8
- Deferred Tax (net)		883.9	(145.2)
<b>Total Tax Expense</b>		<b>10,377.3</b>	<b>10,132.6</b>
<b>Profit for the year</b>		<b>31,413.3</b>	<b>28,308.7</b>
<b>Other Comprehensive Income / (Loss)</b>			
<b>(A) (i) Items that will not be reclassified to profit or loss:</b>			
(a) Remeasurement of Defined Benefit Plans		(388.5)	(40.0)
(ii) Income tax relating to items that will not be reclassified to profit or loss:	45	134.5	13.9
<b>(B) (i) Items that will be reclassified to profit or loss:</b>			
(a) The effective portion of gain & losses on hedging instruments in a cash flow hedge		275.3	(63.9)
(ii) Income tax relating to items that will be reclassified to profit or loss:	45	(83.0)	(4.3)
<b>Other Comprehensive Income / (Loss) for the year, net of tax</b>		<b>(61.7)</b>	<b>(94.3)</b>
<b>Total Comprehensive Income for the year</b>		<b>31,351.6</b>	<b>28,214.4</b>
Earnings per equity share (in ₹)	42		
<b>Basic</b>		<b>69.63</b>	<b>62.92</b>
<b>Diluted</b>		<b>69.35</b>	<b>62.55</b>
Face Value of Equity Share (in ₹)		2.00	2.00
See accompanying notes forming part of the financial statements			

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

For and on behalf of **Board of Directors of Lupin Limited**

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Nilesh Gupta**  
Managing Director  
DIN: 01734642

**Dr. Vijay Kelkar**  
Director  
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Director  
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Company Secretary  
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**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**M. D. Gupta**  
Executive Director  
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**Vinita Gupta**  
Chief Executive Officer  
DIN: 00058631

**Ramesh Swaminathan**  
Chief Financial Officer  
& Executive Director  
DIN: 01833346

**Richard Zahn**  
Director  
DIN: 02937226

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

## A. Equity Share Capital [Refer note 15]

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
Balance at the beginning of the reporting period	450,582,969	901.2	449,488,335	899.0		
Changes in equity share capital during the year	993,900	2.0	1,094,634	2.2		
Balance at the end of the reporting period	<b>451,576,869</b>	<b>903.2</b>	<b>450,582,969</b>	<b>901.2</b>	<b>449,488,335</b>	<b>899.0</b>

## B. Other Equity [Refer note 16]

(₹ in million)

Particulars	Reserves and Surplus						Amalgamation Reserve	Treasury Shares	Other Comprehensive Income		Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Employees Stock Options Outstanding	General Reserve	Retained Earnings			Effective portion of Cash Flow Hedges	Remeasurement of the net Defined Benefit Plans	
<b>Balance as at 01.04.2015 [Refer note 56]</b>	<b>263.9</b>	<b>126.5</b>	<b>6,044.2</b>	<b>620.2</b>	<b>15,894.4</b>	<b>68,651.4</b>	<b>317.9</b>	<b>(270.8)</b>	<b>220.2</b>	<b>-</b>	<b>91,867.9</b>
Profit for the year	-	-	-	-	-	28,308.7	-	-	-	-	28,308.7
Movement in other comprehensive income for the year	-	-	-	-	-	-	-	-	(32.3)	(26.1)	(58.4)
Final dividend on Equity Shares	-	-	-	-	-	(3,371.2)	-	-	-	-	(3,371.2)
Dividend for previous year on Equity Shares issued after year end pursuant to share based payments	-	-	-	-	-	(3.0)	-	-	-	-	(3.0)
Corporate Tax on Dividend	-	-	-	-	-	(686.4)	-	-	-	-	(686.4)
Addition on allotment of shares	-	-	736.8	-	-	-	-	-	-	-	736.8
Share based payment to employees	-	-	-	523.6	640.7	-	-	270.8	-	-	1,435.1
<b>Balance as at 31.03.2016</b>	<b>263.9</b>	<b>126.5</b>	<b>6,781.0</b>	<b>1,143.8</b>	<b>16,535.1</b>	<b>92,899.5</b>	<b>317.9</b>	<b>-</b>	<b>187.9</b>	<b>(26.1)</b>	<b>118,229.5</b>
Profit for the year	-	-	-	-	-	31,413.3	-	-	-	-	31,413.3
Movement in other comprehensive income for the year	-	-	-	-	-	-	-	-	191.2	(254.0)	(62.8)
Final dividend on Equity Shares	-	-	-	-	-	(3,382.4)	-	-	-	-	(3,382.4)
Corporate Tax on Dividend	-	-	-	-	-	(688.6)	-	-	-	-	(688.6)
Addition on allotment of shares	-	-	770.9	-	-	-	-	-	-	-	770.9
Share based payment to employees	-	-	-	593.7	25.6	-	-	-	-	-	619.3
<b>Balance as at 31.03.2017</b>	<b>263.9</b>	<b>126.5</b>	<b>7,551.9</b>	<b>1,737.5</b>	<b>16,560.7</b>	<b>120,241.8</b>	<b>317.9</b>	<b>-</b>	<b>379.1</b>	<b>(280.1)</b>	<b>146,899.2</b>

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

For and on behalf of **Board of Directors of Lupin Limited**

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Nilesh Gupta**  
Managing Director  
DIN: 01734642

**Dr. Vijay Kelkar**  
Director  
DIN: 00011991

**Dr. K. U. Mada**  
Director  
DIN: 00011395

**R.V. Satam**  
Company Secretary  
ACS - 11973

**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**M. D. Gupta**  
Executive Director  
DIN: 00209461

**R. A. Shah**  
Director  
DIN: 00009851

**Dileep C. Choksi**  
Director  
DIN: 00016322

**Vinita Gupta**  
Chief Executive Officer  
DIN: 00058631

**Ramesh Swaminathan**  
Chief Financial Officer  
& Executive Director  
DIN: 01833346

**Richard Zahn**  
Director  
DIN: 02937226

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

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

	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
<b>A. Cash Flow from Operating Activities</b>		
Profit before Tax	41,790.6	38,441.3
Adjustments for:		
Depreciation and Amortisation Expense	3,661.0	3,056.1
Loss / (Profit) on Sale / Write-off of Fixed Assets (net)	50.8	(149.8)
Net Gain on sale of Current Investments	(7.8)	(37.1)
Finance Costs	294.2	241.1
Interest on Deposits with Banks	(72.0)	(5.9)
Dividend on Current Investments	(488.6)	(437.0)
Dividend on Long-Term Investment from Subsidiary company	(30.5)	(10.0)
Dividend on Long-Term Investment from Others	-	(0.2)
Provision for Doubtful Trade Receivables (net)	(161.6)	120.5
Bad Trade Receivables / Deposits written off	4.0	7.3
Expenses on Employees Stock Options / Stock Appreciation Rights	738.0	713.3
Exchange gains on sale of Long-Term Investment in subsidiaries	-	(8.6)
Unrealised Exchange loss on revaluation (net)	987.8	285.3
<b>Operating Cash Flows before Working Capital Changes</b>	<b>46,765.9</b>	<b>42,216.3</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(2,117.0)	(1,744.5)
Trade Receivables	5,311.9	(20,717.1)
Current Loans	(30.1)	(28.3)
Non- Current Loans	(145.1)	(152.6)
Other Current Financial Asset	52.1	(154.1)
Other Current Asset	(1,230.8)	(2,871.8)
Other Non-Current Assets	198.1	16.2
Adjustments for increase / (decrease) in operating liabilities:		
Current Trade Payable	3,574.6	2,101.3
Non-Current Trade Payable	(11.6)	50.3
Other Current Financial liabilities	329.3	80.9
Other Current Liabilities	(104.9)	184.8
Other Non-Current liabilities	120.4	187.8
Non-Current Financial liabilities	(8.5)	(9.8)
Current Provisions	297.2	60.2
Non- Current Provisions	347.8	95.1
<b>Cash Generated from Operations</b>	<b>53,349.3</b>	<b>19,314.7</b>
Net Income tax paid	(9,816.0)	(10,148.1)
<b>Net Cash Flow from Operating Activities</b>	<b>43,533.3</b>	<b>9,166.6</b>
<b>B. Cash Flow from Investing Activities</b>		
Capital expenditure on fixed assets, including capital advances	(9,626.4)	(7,530.4)
Proceeds from sale of fixed assets	216.6	315.1
Purchase of Long-Term Investment in subsidiaries	(10,610.5)	(19,527.8)
Purchase of Long-Term Investment in others	(5.0)	(30.1)
Sale of Long-Term Investment - Others	4.5	-
Sale of Long-Term Investment in subsidiaries	-	60.9
Net Gain on sale of Current Investments	7.8	37.1
Bank balances not considered as Cash and Cash Equivalents (net)	4.0	(106.7)
Dividend on Current Investments	488.6	437.0
Dividend on Long-Term Investment from Subsidiary company	30.5	47.1
Dividend on Long-Term Investment from Others	-	0.2
Interest on Deposits with Banks	72.0	5.9
<b>Net Cash Used in Investing Activities</b>	<b>(19,417.9)</b>	<b>(26,291.7)</b>

	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Non Current Borrowings (net)	(50.7)	(53.3)
Proceeds from / (Repayment of) Current Borrowings (net)	2,273.3	3,563.6
Proceeds from issue of equity shares (ESOPs)	2.0	2.2
Proceeds from Sale of treasury Shares	-	326.4
Securities Premium Received (ESOPs)	424.6	534.2
Finance Costs	(183.2)	(149.2)
Dividends paid	(3,377.6)	(3,368.3)
Corporate Tax on Dividend	(688.6)	(686.4)
<b>Net Cash (Used) / generated in Financing Activities</b>	<b>(1,600.2)</b>	<b>169.2</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>22,515.2</b>	<b>(16,955.9)</b>
Cash and Cash Equivalents as at the beginning of the year	184.9	17,140.8
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>22,700.1</b>	<b>184.9</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
Cash and Cash Equivalents as per Balance Sheet (Refer note 10)	1,580.1	184.9
Add : Current investments considered as part of Cash and Cash Equivalents [Refer note 8]	21,120.0	-
<b>Cash and Cash Equivalents as restated as at the year end</b>	<b>22,700.1</b>	<b>184.9</b>

**Notes :**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS -7) " Statement of Cash Flow ".
- Cash comprises cash on hand and current accounts with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), current investments that are convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

For and on behalf of **Board of Directors of Lupin Limited**

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**Vinita Gupta**  
Chief Executive Officer  
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Director  
DIN: 00016322

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

**R.V. Satam**  
Company Secretary  
ACS - 11973

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 1A. OVERVIEW:

Lupin Limited, ('the Company') incorporated in 1983, is an innovation led Transnational Pharmaceutical Company producing, developing and marketing a wide range of branded and generic formulations, biotechnology products and active pharmaceutical ingredients (APIs) globally. The Company has significant presence in the Cardiovascular, Diabetology, Asthama, Pediatrics, Central Nervous System, Gastro-Intestinal, Anti-Infectives and Nonsteroidal Anti Inflammatory Drug therapy segments and is a global leader in the Anti-TB and Cephalosporins segments. The Company along with its subsidiaries has manufacturing locations spread across India, Japan, USA, Mexico and Brazil with trading and other incidental and related activities extending to the global markets.

### 1B. SIGNIFICANT ACCOUNTING POLICIES:

#### a) Basis of accounting and preparation of Standalone Financial Statements:

##### *Basis of accounting*

- i) These standalone financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. These standalone financial statements were authorized for issue by the Company's Board of Directors on May 24, 2017.
- ii) These standalone financial statements are the first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS). For all periods upto and including the year ended March 31, 2016, the Company reported its Financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'IGAAP'). The Financial statements for the year ended March 31, 2016 and the opening Balance Sheet as at April 1, 2015 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from IGAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 56.

##### *Functional and Presentation Currency*

- iii) These standalone financial statements are presented in Indian rupees, which is the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest million, except otherwise indicated.

##### *Basis of measurement*

- iv) These standalone financial statements are prepared under the historical cost convention unless otherwise indicated.

##### *Use of Estimates and Judgements*

- v) The preparation of the Standalone Financial Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Standalone Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialize. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the accounting policies.

- Measurement of defined benefit obligations (Refer note k)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note n)
- Recognition of deferred tax assets (Refer note h)
- Useful lives of property, plant, equipment and Intangibles (Refer note b & c)
- Impairment of Intangibles (Refer note e)
- Impairment of financial assets (Refer note g)

## b) Property, Plant and Equipment & Depreciation:

### I. Recognition and Measurement

Items of property, plant and equipment are measured 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 non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. 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.

The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

### II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### III. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on property, plant and equipment of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on independent technical evaluation and management's assessment thereof, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

<b>Particulars</b>	<b>Estimated Useful Life</b>
Leasehold Land	Over the period of lease
Plant and Equipment	10 to 15 years
Office Equipment (Desktop)	4 years
Certain assets provided to employees	3 years

Depreciation method, useful live and residual values are reviewed at each financial year end and adjusted if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

**c) Intangible Assets:***I. Recognition and Measurement*

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Expenditure on research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

The Company has elected to continue with the carrying value of all its intangible assets as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

*II. Subsequent Expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

*III. Amortisation*

Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:

<b>Particulars</b>	<b>Estimated Useful Life</b>
Computer Software	5 to 6 years
Trademark and Licenses	4 to 5 years

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

**d) Research and Development:**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss in the year it is incurred, unless a product's technological feasibility has been established, in which case such expenditure is capitalised. These costs are charged to the respective heads in the Statement of Profit and Loss in the year it is incurred. The amount capitalised comprises of expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

Expenditure on in-licensed development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

**e) Impairment of Assets:**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- i) an intangible asset that is not yet available for use; and
- ii) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.



**f) Foreign Currency Transactions / Translations:**

- i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. 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.
- iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous standalone financial statements are recognized in the Statement of Profit and Loss in the period in which they arise.
- iv) In case of long term monetary items outstanding as at March 31, 2016, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss .

**g) Financial Instruments:**

*I. Financial Assets*

Classification

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

The Company has elected to continue with the carrying value of all its equity investments as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i) the Company has transferred substantially all the risks and rewards of the asset, or
  - ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- ii) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## II. Financial Liabilities

### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans, borrowings and payables) or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in Other Comprehensive Income (OCI) and accumulated in "Cash Flow Hedge Reserve Account" under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Cash Flow Hedge Reserve Account" are reclassified to the Statement of Profit and Loss in the same period during which the forecasted transaction affects Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Cash Flow Hedge Reserve Account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Cash Flow Hedge Reserve Account" is immediately transferred to the Statement of Profit and Loss.

**h) Income tax:**

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity or in OCI.

*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. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- i) has a legally enforceable right to set off the recognised amounts; and
- ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*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 amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at 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 only if:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**i) Inventories:**

Inventories of all procured materials and Stock-in-Trade are valued at the lower of cost (on moving weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Work-in-process and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**j) Revenue Recognition:**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, sales tax and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreements.

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

Interest income is recognised with reference to the Effective Interest Rate method.

Dividend from investments is recognised as revenue when right to receive is established.

**k) Employee Benefits:**

*Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the Company will have no legal or constructive obligation to pay further amounts. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is measured on the basis of a periodical independent actuarial valuation using the projected unit credit method. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

**l) Share-based payment transactions:**

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

Stock Appreciation Rights ("SARs"): The compensation cost of SARs granted to employees is measured at the fair value of the liability. Until the liability is settled, the Company shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in Statement of Profit and Loss for the period.

The Company has elected to apply Ind AS 102 Share based payment to equity instruments that vested after the date of transition to Ind AS pursuant to the exemption under Ind AS 101.

**m) Leases:**

Determining whether an arrangement contains a lease

An arrangement, which is not in the legal form of a lease, should be accounted for as a lease, if:

- i) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- ii) the arrangement conveys a right to use the asset.

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If it is impracticable to separate the payments reliably, then a finance lease receivable is recognised at an amount equal to the fair value of the underlying asset; subsequently, the receivable is reduced as payments are made and a finance income is recognised using the interest rate implicit in the lease.

*Operating Lease*

Agreements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

**n) Provisions and Contingent Liabilities:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the Notes to the Standalone Financial Statements. Contingent liabilities are disclosed for:

- i) possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**o) Borrowing costs:**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate (EIR) applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

**p) Government Grants:**

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.
- Pursuant to Ind AS 101 "First-time Adoption of Indian Accounting Standards", the Company has opted the exemption to use the carrying amount of the Government Loan at a rate below market rate of interest at the date of transition to Ind AS, as the carrying amount of the Loan in the standalone financial statements.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

**q) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

**r) Insurance claims:**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect the ultimate collection.

**s) Service tax input credit:**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**t) Segment reporting:**

The Company operates in one reportable business segment i.e. "Pharmaceuticals".

**u) Operating cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**1C. RECENT ACCOUNTING PRONOUNCEMENTS:**

**Standards issued but not yet effective:**

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 April 1, 2017.

**Amendment to Ind AS 7:**

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 standalone financial statements is being evaluated.

**Amendment to Ind AS 102:**

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. However, this amendment is not applicable to the Company.



**2. FIXED ASSETS**

(₹ in million)

Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block	
	As at 01.04.2016	Additions	Disposals	As at 31.03.2017	As at 01.04.2016	For the period	Disposals	As at 31.03.2017
<b>A. Property, Plant and Equipment</b>								
Freehold Land	468.3	83.2	-	551.5	-	-	-	551.5
	468.3	-	-	468.3	-	-	-	468.3
Leasehold Land	484.8	50.8	-	535.6	9.0	8.6	-	518.0
	504.3	124.6	144.1	484.8	-	10.1	1.1	475.8
Buildings	7,491.3	3,535.1	0.8	11,025.6	278.3	382.6	0.1	660.8
	5,964.8	1,526.5	-	7,491.3	-	278.3	-	7,213.0
Leasehold Improvements	-	229.1	-	229.1	-	41.1	-	188.0
	-	-	-	-	-	-	-	-
Plant and Equipment	16,381.4	5,335.4	156.3	21,560.5	2,364.9	2,720.4	42.9	5,042.4
	12,269.6	4,138.6	26.8	16,381.4	-	2,371.0	6.1	14,016.5
Furniture and Fixtures	603.2	545.1	218.9	929.4	108.2	148.9	66.4	738.7
	465.5	140.2	2.5	603.2	-	109.1	0.9	495.0
Vehicles	64.9	12.1	9.9	67.1	8.6	10.1	5.3	53.7
	35.4	29.5	-	64.9	-	8.6	-	56.3
Office Equipment	776.7	718.3	21.2	1,473.8	223.2	278.6	25.0	997.0
	498.8	282.3	4.4	776.7	-	227.6	4.4	553.5
<b>Total - Property, Plant and Equipment (A)</b>	<b>26,270.6</b>	<b>10,509.1</b>	<b>407.1</b>	<b>36,372.6</b>	<b>2,992.2</b>	<b>3,590.3</b>	<b>139.7</b>	<b>29,929.8</b>
	20,206.7	6,241.7	177.8	26,270.6	-	3,004.7	12.5	23,278.4
<b>B. Intangible Assets - Acquired</b>								
Computer Software	129.6	5.2	-	134.8	31.6	36.1	-	67.7
	76.7	52.9	-	129.6	-	31.6	-	98.0
Trademarks and Licences	92.7	90.1	-	182.8	19.8	34.7	-	128.3
	72.6	20.1	-	92.7	-	19.8	-	72.9
<b>Total - Intangible Assets (B)</b>	<b>222.3</b>	<b>95.3</b>	<b>-</b>	<b>317.6</b>	<b>51.4</b>	<b>70.8</b>	<b>-</b>	<b>195.4</b>
	149.3	73.0	-	222.3	-	51.4	-	170.9
<b>Total (A+B)</b>	<b>26,492.9</b>	<b>10,604.4</b>	<b>407.1</b>	<b>36,690.2</b>	<b>3,043.6</b>	<b>3,661.1</b>	<b>139.7</b>	<b>30,125.2</b>
	20,356.0	6,314.7	177.8	26,492.9	-	3,056.1	12.5	23,449.3
Capital Work-in-Progress [Refer note 38]								
								<b>4,807.6</b>
								6,242.5
<b>Total</b>								<b>34,932.8</b>
								29,691.8

a) Cost of Buildings includes cost of shares in co-operative societies of ₹ 1,000/- (previous year ₹ 1,000/-).  
 b) Additions to Fixed Assets include items of fixed assets aggregating ₹ 5,329.0 million (previous year ₹ 855.0 million) located at Research and Development Centers of the Company.  
 c) Refer note 1 B (b & c) for deemed cost.  
 d) Capital Work-in-Progress as at 01.04.2015: ₹ 4,899.5 million.  
 e) Previous year figures are given in italics below current year figures in each class of assets.



### 3. NON-CURRENT INVESTMENTS

		As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>Unquoted</b>				
<b>a. Equity Instruments</b>				
<b>i) In Subsidiary Companies (at Cost)</b>		<b>Face Value</b>		
- Lupin Holdings B.V., Netherlands (Number of shares as on 31.03.2017 - 105,829, 31.03.2016 - 105,829, 01.04.2015 - 105,829)	Euro 1,000	6,720.3	6,720.3	6,720.3
- Lupin Pharmaceuticals, Inc., USA [Refer note 36 (e) (v)] (Number of shares as on 31.03.2017 - 30, 31.03.2016 - 30, 01.04.2015 - 300,000)	USD *	13.8	13.8	13.8
- Lupin Australia Pty Ltd., Australia (Number of shares as on 31.03.2017 - 800,000, 31.03.2016 - 800,000, 01.04.2015 - 800,000)	AUD **	33.3	33.3	33.3
- Lupin Healthcare Ltd., India (Number of shares as on 31.03.2017 - 2,616,677, 31.03.2016 - 2,616,677, 01.04.2015 - 2,616,677) (Including 6 shares held by nominees)	₹ 10	81.7	81.7	81.7
- Lupin (Europe) Ltd., UK [Refer note 36 (a)] (Number of shares as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 251,000)	GBP 1	-	-	20.0
- Lupin Middle East FZ-LLC, UAE [Refer note 36 (a)] (Number of shares as on 31.03.2017 - nil as on 31.03.2016 - nil, 01.04.2015 - 2,000)	AED 1,000	-	-	32.3
- Lupin Atlantis Holdings SA, Switzerland (Number of shares as on 31.03.2017 - 2,486, 31.03.2016 - 2,486, 01.04.2015 - 2,486)	CHF 1,000	2,993.7	2,993.7	2,993.7
- Novel Clinical Research (India) Pvt. Ltd., India [Refer note 36 (a)] (Number of shares as on 31.03.2017 - 10,000, 31.03.2016 - nil, 01.04.2015 - nil)		0.1	-	-
Capital Contributions:				
- Lupin Holdings B.V., Netherlands [Refer note 36 (a)]		6,385.5	6,385.5	-
- Lupin Atlantis Holdings SA, Switzerland [Refer note 36 (a)]		31,735.5	21,125.1	7,982.8
		47,963.9	37,353.4	17,877.9
<b>ii) In Others (Fair value through Profit or Loss)</b>				
- Biotech Consortium India Ltd., India (Number of shares as on 31.03.2017 - 50,000, 31.03.2016 - 50,000, 01.04.2015 - 50,000)	₹ 10	0.5	0.5	0.5
- Enviro Infrastructure Co. Ltd., India (Number of shares as on 31.03.2017 - 100,000, 31.03.2016 - 100,000, 01.04.2015 - 100,000)	₹ 10	1.0	1.0	1.0
- Bharuch Enviro Infrastructure Ltd., India (Number of shares as on 31.03.2017 - 4,585, 31.03.2016 - 4,585, 01.04.2015 - 4,585) [31.03.2017 - ₹ 45,850/- 31.03.2016 - ₹ 45,850/- 01.04.2015 - ₹ 45,850/-]	₹ 10			
- Narmada Clean Tech Ltd., India (Number of shares as on 31.03.2017 - 1,145,190, 31.03.2016 - 1,145,190, 01.04.2015 - 1,145,190)	₹ 10	11.5	11.5	11.5
- Tarapur Environment Protection Society, India (Number of shares as on 31.03.2017 - 72,358, 31.03.2016 - 72,358, 01.04.2015 - 72,358)	₹ 100	7.2	7.2	7.2
- Sai Wardha Power Ltd., India (Number of shares as on 31.03.2017 - 3,007,237, 31.03.2016 - 3,007,237, 01.04.2015 - nil)	₹ 10	30.1	30.1	-
<b>b. Preference Shares</b>				
- Others (Fair value through Profit or Loss)				
- Enviro Infrastructure Co. Ltd., India (Number of shares as on 31.03.2017 - nil, 31.03.2016 - 450,000, 01.04.2015 - 450,000)	₹ 10	-	4.5	4.5
<b>c. Bonds (Fair value through Profit or Loss)</b>				
- National Highways Authority of India, India (Number of bonds as on 31.03.2017 - 500, 31.03.2016 - nil, 01.04.2015 - nil)	₹ 10,000	5.0	-	-
<b>d. Government Securities (Fair value through Profit or Loss)</b>				
- National Saving Certificates [Deposited with Government Authority] [31.03.2017 - ₹ 6,000 31.03.2016 - ₹ 6,000, 01.04.2015 - ₹ 6,000]				
		55.3	54.8	24.7
<b>Total</b>		<b>48,019.2</b>	<b>37,408.2</b>	<b>17,902.6</b>

\* Current and previous year face value USD 0.001 (Face value as on 01.04.2015 USD 1)

\*\* Shares do not have face value

i) All investments in shares are fully paid up

ii) All investments are stated at cost

iii) All the above subsidiaries are directly or indirectly, wholly owned by the Company

iv) Aggregate amount of unquoted investments

48,019.2      37,408.2      17,902.6

**4. NON-CURRENT LOANS**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Unsecured, considered good unless otherwise stated			
Security Deposits			
- With Related Parties [Refer note 55 (C)]	43.4	54.7	54.7
- Others	489.4	332.0	175.7
Loans to Employees	2.4	3.4	7.1
<b>Total</b>	<b>535.2</b>	<b>390.1</b>	<b>237.5</b>

**5. OTHER NON-CURRENT FINANCIAL ASSETS**

Mark to Market Derivative Assets	-	-	3.2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3.2</b>

**6. OTHER NON-CURRENT ASSETS**

Capital Advances	1,495.1	1,091.9	981.6
Advances other than Capital Advances			
With Government Authorities (Drawback / Customs and Excise duties receivable)	618.3	815.2	880.7
Prepaid Expenses	54.0	55.2	5.9
<b>Total</b>	<b>2,167.4</b>	<b>1,962.3</b>	<b>1,868.2</b>

**7. INVENTORIES**

Raw Materials	5,470.3	5,463.4	5,375.9
Packing Materials	893.3	733.5	781.1
Work-in-Process	4,047.5	3,955.1	3,672.1
Finished Goods	5,178.6	4,776.7	4,020.3
Stock-in-Trade	4,267.5	2,909.0	2,237.8
Consumable Stores and Spares	1,079.3	998.3	860.4
Goods-in-Transit			
- Raw Materials	225.7	235.9	390.3
- Packing Materials	37.9	18.3	21.7
- Stock-in-Trade	25.9	26.1	9.5
- Consumable Stores and Spares	30.6	23.3	26.0
<b>Total</b>	<b>21,256.6</b>	<b>19,139.6</b>	<b>17,395.1</b>

During the year ended 31.03.2017 and 31.03.2016, the Company recorded inventory write-downs of ₹ 749.5 million and ₹ 1,486.6 million respectively. These adjustments were included in cost of material consumed and changes in inventories.

## 8. CURRENT INVESTMENTS

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>Unquoted (Fair value through Profit or Loss)</b>			
<b>- In Mutual Funds</b>			
- Birla Sun Life Savings Fund - Daily Dividend-Regular Plan - Reinvestment (Number of Units as on 31.03.2017 - 14,577,804, 31.03.2016 - nil, 01.04.2015 - nil)	1,464.2	-	-
- Birla Sun Life Floating Rate Long Term - Daily Dividend - Regular Plan (Number of Units as on 31.03.2017 - 24,331,993, 31.03.2016 - nil, 01.04.2015 - nil)	2,453.3	-	-
- Birla Sun Life Floating Rate Fund Long Term - Weekly Dividend - Regular Plan (Number of Units as on 31.03.2017- 10,095,918, 31.03.2016 - nil, 01.04.2015 - nil)	1,011.3	-	-
- Reliance Medium Term Fund Daily Dividend Plan (Number of Units as on 31.03.2017- 29,480,054, 31.03.2016 - nil, 01.04.2015 - nil)	504.0	-	-
- Baroda Pioneer Liquid Fund-Plan A Daily Dividend Reinvestment (Number of Units as on 31.03.2017 - 499,798, 31.03.2016 - nil, 01.04.2015 - nil)	500.4	-	-
- Axis Liquid Fund - Daily Dividend (Number of Units as on 31.03.2017 - 1,479,006, 31.03.2016 - nil, 01.04.2015 - 50,002)	1,480.3	-	50.0
- Kotak Treasury Advantage Fund Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - 170,846,685, 31.03.2016 - nil, 01.04.2015 - 49,914,730)	1,722.1	-	503.1
- Kotak Floater Short Term Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - 551,234, 31.03.2016 - nil, 01.04.2015 - nil)	557.6	-	-
- Reliance Liquid Fund Treasury Plan Daily Dividend Option Dividend Reinvestment (Number of Units as on 31.03.2017 - 1,396,383, 31.03.2016 - nil, 01.04.2015 - nil)	2,134.7	-	-
- ICICI Prudential Flexible Income Daily Dividend (Number of Units as on 31.03.2017 - 27,563,892, 31.03.2016 - nil, 01.04.2015 - nil)	2,914.5	-	-
- ICICI Prudential Flexible Income Weekly Dividend (Number of Units as on 31.03.2017 -13,265,043, 31.03.2016 - nil, 01.04.2015 - nil)	1,400.7	-	-
- Kotak Low Duration Fund Standard Weekly Dividend Regular Plan (Number of Units as on 31.03.2017 - 1,031,414, 31.03.2016 - nil, 01.04.2015 - nil)	1,047.7	-	-
- HDFC Floating Rate Income Fund Short Term Plan Dividend Reinvestment Daily (Number of Units as on 31.03.2017 - 177,002,896, 31.03.2016 - nil, 01.04.2015 - nil)	1,784.3	-	-
- Reliance Money Manager Fund Daily Dividend Plan (Number of Units as on 31.03.2017 - 1,025,655, 31.03.2016 - nil, 01.04.2015 - nil)	1,033.3	-	-
- Axis Banking & PSU Debt Fund -Daily Dividend (Number of Units as on 31.03.2017 - 603,901, 31.03.2016 - nil, 01.04.2015 - nil)	608.7	-	-
- Reliance Floating Rate Fund Short Term Plan Daily Dividend Plan (Number of Units as on 31.03.2017 - 49,693,136, 31.03.2016 - nil, 01.04.2015 - nil)	502.9	-	-
- Kotak Liquid Scheme Plan A Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 139,208)	-	-	170.2
- Birla Sun Life Cash Plus Daily Dividend Regular Plan (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 -10,769,445)	-	-	1,079.0
- HDFC Liquid Fund - Dividend Daily Reinvestment (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 46,530,363)	-	-	474.5
- HDFC High Interest Fund-Short Term Plan Fortnightly Dividend Reinvestment (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 196,263,170)	-	-	2,082.0
- ICICI Prudential Blended Plan B Regular Plan Monthly Dividend Option - I (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 101,597,773)	-	-	1,038.5

**8. CURRENT INVESTMENTS (Continued)**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
- Axis Short Term Fund Monthly Dividend (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 100,692,087)	-	-	1,025.9
- Birla Sun Life Short Term Fund Monthly Dividend Regular Plan (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 86,839,119)	-	-	1,027.0
- Birla Sun Life Treasury Optimizer Plan Monthly Dividend Regular Plan (Number of Units as on 31.03.2017- nil, 31.03.2016 - nil, 01.04.2015 - 4,919,391)	-	-	514.3
- Reliance Medium Term Fund Monthly Dividend Plan (Number of Units as on 31.03.2017- nil, 31.03.2016 nil, 01.04.2015 - 191,462,695)	-	-	2,054.1
- Reliance Short Term Fund Monthly Dividend Plan (Number of Units as on 31.03.2017- nil, 31.03.2016 - nil, 01.04.2015 - 46,961,944)	-	-	512.3
- ICICI Prudential Banking & PSU Debt Fund Regular Plan Weekly Dividend (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 148,063,792)	-	-	1,511.3
- ICICI Prudential Ultra Short Term Regular Plan Daily Dividend (Number of Units as on 31.03.2017 - nil, 31.03.2016 nil, 01.04.2015 - 98,833,834)	-	-	1,006.4
- Axis Banking Debt Fund-Weekly Dividend (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 2,495,963)	-	-	2,513.6
- SBI Magnum Insta Cash Fund Liquid Floater Regular Plan Daily Dividend (Number of Units as on 31.03.2017 - nil, 31.03.2016 - nil, 01.04.2015 - 995,692)	-	-	1,005.6
<b>Total</b>	<b>21,120.0</b>	<b>-</b>	<b>16,567.8</b>
a) Aggregate amount of unquoted investments	21,132.4	-	16,567.8
b) Excess of carrying cost over fair value (net) of current investments as adjusted above	12.4	-	-

## 9. TRADE RECEIVABLES

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Unsecured			
- Considered Good	39,031.8	45,459.6	25,150.2
- Considered Doubtful	187.3	348.1	217.0
	39,219.1	45,807.7	25,367.2
Less : Provision for:			
- Good Trade Receivables	7.3	8.1	18.7
- Doubtful Trade Receivables	187.3	348.1	217.0
	194.6	356.2	235.7
<small>(Refer note 51 for information about credit risk and market risk of trade receivables)</small> <b>Total</b>	<b>39,024.5</b>	<b>45,451.5</b>	<b>25,131.5</b>

Trade receivables include debts due from subsidiary companies ₹ 31,533.9 million (31.03.2016 - ₹ 37,341.8 million, 01.04.2015 - ₹ 18,440.4 million) [Refer note 55 (C)]

## 10. CASH AND CASH EQUIVALENTS

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Cash and Cash Equivalents (as per IND AS-7 - "Statement of Cash Flows")			
Bank Balances			
- In Current Accounts (including money-in-transit)	1,492.8	104.7	296.8
- In EEFC Account	33.0	11.3	137.7
Cheques on hand	48.8	61.2	132.1
Cash on hand [ Refer note 50 ]	5.5	7.7	6.4
<b>Total</b>	<b>1,580.1</b>	<b>184.9</b>	<b>573.0</b>

## 11. OTHER BANK BALANCES

Earmarked Balances with Banks			
- Unpaid dividend accounts	37.5	32.7	26.8
- Deposits against guarantees and other commitments	122.0	32.0	31.2
Bank Deposits maturing more than 3 months but less than 12 months	1.2	100.0	-
<b>Total</b>	<b>160.7</b>	<b>164.7</b>	<b>58.0</b>

Other Bank Balances - Earmarked Balances with Banks includes deposit ₹ 12.6 million (31.03.2016 - ₹ 11.9 million, 01.04.2015 - ₹ 11.2 million) which have an original maturity of more than 12 months.

**12. CURRENT LOANS**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
(Financial assets stated at cost)			
Unsecured, considered good unless otherwise stated			
Security Deposits	123.6	113.1	82.3
Other Loans (includes Loans to employees, etc.)	26.4	6.8	8.1
<b>Total</b>	<b>150.0</b>	<b>119.9</b>	<b>90.4</b>

**13. OTHER CURRENT FINANCIAL ASSETS**

Receivables from Related Parties [ Refer note 55 (C)]	345.3	209.1	40.5
Mark to Market Derivative Assets	551.0	275.7	339.3
Other Current Financial Assets	3.8	88.9	90.5
(includes receivable from Government Authorities and Interest receivables, etc.)			
<b>Total</b>	<b>900.1</b>	<b>573.7</b>	<b>470.3</b>

**14. OTHER CURRENT ASSETS**

Advances other than Capital Advances			
Prepaid Expenses	332.9	324.9	184.9
Advance to Employees	62.0	46.4	50.8
Advance to Vendors			
- Considered Good	682.2	667.4	543.0
- Considered Doubtful	26.9	-	-
	709.1	667.4	543.0
Less : Provision for Doubtful Advances	26.9	-	-
	682.2	667.4	543.0
Export Benefits receivable	3,394.9	3,224.1	1,253.6
With Government Authorities (VAT / Cenvat / Service tax credit receivable)	3,556.9	2,646.5	2,001.4
Assets Recoverable From Customers	32.2	21.2	25.0
<b>Total</b>	<b>8,061.1</b>	<b>6,930.5</b>	<b>4,058.7</b>

## 15. EQUITY SHARE CAPITAL

### a) Equity Share Capital

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>Authorised</b>						
Equity Shares of ₹ 2 each	1,000,000,000	2,000.0	1,000,000,000	2,000.0	500,000,000.0	1,000.0
<b>Issued, Subscribed and Paid up</b>						
Equity Shares of ₹ 2 each fully paid	451,576,869	903.2	450,582,969	901.2	449,488,335.0	899.0
<b>Total</b>	<b>451,576,869</b>	<b>903.2</b>	<b>450,582,969</b>	<b>901.2</b>	<b>449,488,335.0</b>	<b>899.0</b>

### b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
Equity Shares outstanding at the beginning of the year	450,582,969	901.2	449,488,335	899.0		
Equity Shares issued during the year pursuant to exercise of ESOPs	993,900	2.0	1,094,634	2.2		
Equity Shares outstanding at the end of the year	<b>451,576,869</b>	<b>903.2</b>	<b>450,582,969</b>	<b>901.2</b>	<b>449,488,335</b>	<b>899.0</b>

### c) Rights attached to Equity Shares

The Company has only one class of equity shares with voting rights having a par value of ₹ 2 per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of dividend per equity share distributed to equity shareholders is ₹ 7.5 (previous year ended March 31, 2016 - ₹ 7.5).

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

### d) Details of shares held by each shareholder holding more than 5% equity shares

Name of Shareholder	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Zyma Laboratories Limited	55,658,383	12.33	55,260,490	12.26	54,960,490	12.23
Rahas Investments Pvt. Limited	46,083,534	10.21	45,699,510	10.14	45,699,510	10.17
Visiomed Investments Pvt. Limited	44,102,333	9.77	43,514,660	9.66	43,514,660	9.68
Lupin Holdings Pvt. Limited	40,828,758	9.04	40,401,000	8.97	40,401,000	8.99

### e) Shares reserved for issuance under Stock Option Plans of the Company

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in million	No. of Shares	₹ in million	No. of Shares	₹ in million
Lupin Employees Stock Option Plan 2003	203,163	0.4	227,759	0.5	343,000	0.7
Lupin Employees Stock Option Plan 2005	67,633	0.1	232,181	0.5	445,304	0.9
Lupin Employees Stock Option Plan 2011	1,615,790	3.2	2,059,547	4.1	2,758,708	5.5
Lupin Employees Stock Option Plan 2014	3,209,432	6.4	3,334,820	6.7	3,375,000	6.8
Lupin Subsidiary Companies Employees Stock Option Plan 2005	112,613	0.2	226,927	0.5	233,536	0.5
Lupin Subsidiary Companies Employees Stock Option Plan 2011	722,479	1.4	846,902	1.7	878,097	1.8
Lupin Subsidiary Companies Employees Stock Option Plan 2014	1,125,000	2.3	1,125,000	2.3	1,125,000	2.3

### f) Aggregate number of shares issued during last five years pursuant to Stock Option Plans of the Company

Particulars	As at 31.03.2017 Aggregate No. of Shares	As at 31.03.2016 Aggregate No. of Shares	As at 01.04.2015 Aggregate No. of Shares
Equity Shares issued under various Stock Option Plans of the Company	4,935,188	4,381,780	4,769,170

g) No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the Balance Sheet date.

**16. OTHER EQUITY**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
<b>Reserves and Surplus</b>			
<b>Capital Reserve</b>			
- Investment Subsidies from Central Government			
Opening and Closing Balance as per last Balance Sheet	1.0	1.0	1.0
- Investment Subsidies from State Government			
Opening and Closing Balance as per last Balance Sheet	8.2	8.2	8.2
- On restructuring of capital of the Company under the Scheme of Amalgamation			
Opening and Closing Balance as per last Balance Sheet	254.7	254.7	254.7
	263.9	263.9	
<b>Capital Redemption Reserve</b>			
Opening and Closing Balance as per last Balance Sheet	126.5	126.5	126.5
<b>Securities Premium Account</b>			
Opening Balance as per last Balance Sheet	6,781.0	6,044.2	
Add : Additions during the year*	770.9	736.8	
Balance as at the year end	7,551.9	6,781.0	6,044.2
<b>Employees Stock Options Outstanding [Refer note 43 (ii)]</b>			
Opening Balance as per last Balance Sheet	1,143.8	620.2	
Add : Amortisation during the year	965.6	726.2	
Less : Exercised during the year	346.3	202.6	
Less : Transfer to General Reserve	25.6	-	
Balance as at the year end	1,737.5	1,143.8	620.2
<b>General Reserve</b>			
Opening Balance as per last Balance Sheet	16,535.1	15,894.4	
Add : Transferred from share based payments	25.6	640.7	
Balance as at the year end	16,560.7	16,535.1	15,894.4
<b>Retained Earnings</b>			
Opening Balance as per last Balance Sheet	92,899.5	68,651.4	
Add : Profit for the year	31,413.3	28,308.7	
Less : Final Dividend on Equity Shares [Refer note 15 (C)]	3,382.4	3,371.2	
Less : Dividend for previous year on Equity Shares issued after year end pursuant to share based payments	-	3.0	
Less : Corporate Tax on Dividend **	688.6	686.4	
Balance as at the year end	120,241.8	92,899.5	68,651.4
<b>Amalgamation Reserve</b>			
Opening and Closing Balance as per last Balance Sheet	317.9	317.9	317.9
<b>Treasury Stock [Refer note 43 (iii)]</b>			
Balance as at the year end	-	-	(270.8)
<b>Other Comprehensive Income</b>			
<b>Cash Flow Hedge Reserve [Refer note 53]</b>			
Opening Balance as per last Balance Sheet	187.9	220.2	
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding	192.3	(68.2)	
(Less)/ Add : Transferred to the Statement of Profit and Loss	(1.1)	35.9	
Balance as at the year end	379.1	187.9	220.2
<b>Actuarial Gain / (Loss)</b>			
Opening Balance as per last Balance Sheet	(26.1)	-	
(Less) : Additions during the year	(254.0)	(26.1)	
Balance as at the year end	(280.1)	(26.1)	-
<b>Total</b>	<b>146,899.2</b>	<b>118,229.5</b>	<b>91,867.9</b>

\* Represents amount received on allotment of 993,900 (31.03.2016 - 1,094,634 ) Equity Shares of the face value of ₹ 2 each, pursuant to "Lupin Employees Stock Option Plans". [Refer note 43 ]

\*\* Represents Corporate Tax on Final Dividend ₹ 688.0 million (previous year ₹ 686.3 million) and on dividend paid for previous year on Equity Shares issued after year end pursuant to ESOPs allotment ₹ 0.6 million (previous year ₹ 0.1 million).



## Nature of Reserves

### a) Capital Reserve

The Capital reserve is created on receipts of government grants for setting up the factories in backward areas for performing research on critical medicines for the betterment of the society and on restructuring of the Capital of the Company under various schemes of Amalgamation.

### b) Capital Redemption Reserve

This reserve represents redemption of redeemable cumulative preference shares in earlier years.

### c) Securities Premium

Securities premium account comprises of premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

### d) General Reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the statement of profit and loss.

### e) Amalgamation Reserve

This reserve represents creation of amalgamation reserve pursuant to the scheme of amalgamation between erstwhile Lupin Laboratories Ltd. and the Company.

### f) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for Cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow reserve will be reclassified to statement of profit and loss only when the hedged items affect the profit or loss.

## 17. NON-CURRENT BORROWINGS

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
[Refer note 24 ]			
Term Loans - from other parties			
Unsecured			
Deferred Sales Tax Loan from Government of Maharashtra	16.7	25.1	36.5
Term Loans from Council for Scientific and Industrial Research (CSIR)	61.9	92.8	123.8
Term Loans from Department of Science and Technology (DST)	10.3	20.7	31.1
<b>Total</b>	<b>88.9</b>	<b>138.6</b>	<b>191.4</b>

- Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years moratorium period from each such year of deferral period from 1998-99 to 2009-10.
- Term Loans from CSIR carry interest of 3% p.a. and is payable in 3 annual installments of ₹ 30.9 million each alongwith interest.
- Term Loans from DST carry interest of 3% p.a. and is payable in 2 annual installments of ₹ 10.4 million each alongwith interest.
- The Company has not defaulted on repayment of loans and interest during the year.

## 18. TRADE PAYABLES

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Trade Payables [Refer note 48 ]	45.4	57.0	6.7
<b>Total</b>	<b>45.4</b>	<b>57.0</b>	<b>6.7</b>

**19. OTHER NON-CURRENT FINANCIAL LIABILITIES**

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Mark to Market Derivative Liabilities	-	-	2.8
Payable for purchase of Fixed Assets	2.2	-	-
Employee Benefits Payables	54.2	62.7	72.5
<b>Total</b>	<b>56.4</b>	<b>62.7</b>	<b>75.3</b>

**20. NON-CURRENT PROVISIONS**

Provisions for Employee Benefits [Refer note 26 ]			
Gratuity [Refer note 44 (ii) A ]	1,055.6	683.3	574.0
Compensated Absences	623.0	536.3	457.2
<b>Total</b>	<b>1,678.6</b>	<b>1,219.6</b>	<b>1,031.2</b>

**21. OTHER NON-CURRENT LIABILITIES**

Deferred Revenue	1,052.5	932.1	744.3
<b>Total</b>	<b>1,052.5</b>	<b>932.1</b>	<b>744.3</b>

**22. CURRENT BORROWINGS**

<b>Secured</b>			
Loans from Banks	970.0	2,205.7	209.5
	970.0	2,205.7	209.5
<b>Unsecured</b>			
Loans from Banks	4,826.2	1,523.9	-
	4,826.2	1,523.9	-
<b>Total</b>	<b>5,796.2</b>	<b>3,729.6</b>	<b>209.5</b>

- a) Secured loans comprise of Cash Credit, Current Loans, Packing Credit, Post Shipment Credit, Bills Discounted and Overseas Import Credit and are secured by hypothecation of inventories and trade receivables, and all other moveable assets, including current assets at godowns, depots, in course of transit or on high seas and a second charge on immovable properties and moveable assets of the Company both present and future. It includes foreign currency loans of ₹ 454.0 million (31.03.2016 ₹ 1,855.1 million , 01.04.2015 ₹ nil)
- b) Unsecured loans comprise of Current Loans, Packing Credit, Post Shipment Credit, Bills Discounted and Overseas Import Credit. It includes Foreign Currency Loan of ₹ 3,826.2 million (31.03.2016 ₹ 1,523.9 million , 01.04.2015 ₹ nil)
- c) Foreign Currency loans carry interest rate at LIBOR plus market driven margins and those in Indian Rupees carry interest rate in the range of 8.25% to 11.70% p.a.
- d) The Company has not defaulted on repayment of loans and interest during the year.

## 23. TRADE PAYABLES

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Acceptances	1,016.1	555.4	1,363.0
Other than Acceptances [Refer note 48 ]	13,768.8	10,734.0	7,834.7
<b>Total</b>	<b>14,784.9</b>	<b>11,289.4</b>	<b>9,197.7</b>

## 24. OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Non - Current Borrowings [Refer note 17]			
- Deferred Sales Tax Loan from Government of Maharashtra	8.4	9.4	9.9
- Term Loans from CSIR	30.9	30.9	30.9
- Term Loans from DST	10.4	10.4	10.4
Interest Accrued but not due on Borrowings	1.0	1.2	2.6
Unpaid Dividend *	37.5	32.7	26.8
Mark to Market Derivative Liabilities	266.0	-	-
Payables on Purchase of Fixed Assets	487.6	543.5	306.0
Employee Stock Appreciation Rights Outstanding	-	-	473.7
Trade Deposits received	151.2	87.5	160.8
Employee Benefits Payables	1,654.7	1,391.5	1,223.0
Other Payables	6.1	3.7	18.0
(Includes retention money, etc.)			
<b>Total</b>	<b>2,653.8</b>	<b>2,110.8</b>	<b>2,262.1</b>

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

## 25. OTHER CURRENT LIABILITIES

	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Statutory Dues Payables (includes Excise Duty, Provident Fund, Withholding Taxes, etc.)	453.5	573.7	374.5
Deferred Revenue	107.4	85.4	67.9
Advances from customers	36.3	43.0	74.9
<b>Total</b>	<b>597.2</b>	<b>702.1</b>	<b>517.3</b>

## 26. CURRENT PROVISIONS

Provisions for Employee Benefits [Refer note 20 ]			
Gratuity [Refer note 44 (ii) A ]	291.0	159.7	207.6
Compensated Absences	277.3	227.7	157.2
Other Provisions			
For Sales Returns [Refer note 49 ]	836.4	720.1	682.5
<b>Total</b>	<b>1,404.7</b>	<b>1,107.5</b>	<b>1,047.3</b>

**27. REVENUE FROM OPERATIONS**

	<b>For the Current Year ended 31.03.2017 ₹ in million</b>	For the Previous Year ended 31.03.2016 ₹ in million
Sale		
Goods (Including Excise Duty)	122,369.5	106,515.1
Research Services	1,611.3	2,313.6
	123,980.8	108,828.7
Other Operating Revenue		
Export Benefits and Other Incentives	3,480.4	3,495.2
Insurance Claims	51.2	51.7
Compensation and Settlement Income	0.1	947.3
Miscellaneous Income	19.0	114.8
	3,550.7	4,609.0
<b>Total</b>	<b>127,531.5</b>	<b>113,437.7</b>

**28. OTHER INCOME**

Income on Financial Assets carried at amortised cost		
Interest on Deposits with Banks	72.0	5.9
Other Interest	38.9	38.7
Dividend on Non-Current Investment from Subsidiary company	30.5	10.0
Income on Financial assets carried at fair value through profit or loss		
Dividend on Current Investments	488.6	437.0
Net gain on Sale of Current Investments	7.8	37.1
Dividend on Non-Current Investment from Others	-	0.2
Net gain on Foreign Currency Transactions	-	1,020.7
Profit on Sale of Fixed Assets (net)	-	149.8
Other Non-Operating Income (including interest on income tax refunds)	246.9	169.1
<b>Total</b>	<b>884.7</b>	<b>1,868.5</b>

**29. COST OF MATERIALS CONSUMED**

Raw Materials Consumed	19,122.8	20,207.4
Packing Materials Consumed	2,945.4	3,168.5
<b>Total</b>	<b>22,068.2</b>	<b>23,375.9</b>

### 30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

	For the Current Year ended 31.03.2017 ₹ in million	For the Previous Year ended 31.03.2016 ₹ in million
Opening Stock:		
Finished Goods	4,776.7	4,020.3
Stock-in-Trade	2,935.1	2,247.3
Work-in-Process	3,955.1	3,672.1
	11,666.9	9,939.7
Less:		
Closing Stock:		
Finished Goods	5,178.6	4,776.7
Stock-in-Trade	4,293.4	2,935.1
Work-in-Process	4,047.5	3,955.1
	13,519.5	11,666.9
Changes In Inventories:		
Finished Goods	(401.9)	(756.4)
Stock-in-Trade	(1,358.3)	(687.8)
Work-in-Process	(92.4)	(283.0)
<b>Total</b>	<b>(1,852.6)</b>	<b>(1,727.2)</b>

### 31. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages	11,407.9	9,787.3
Contribution to Provident and Other Funds	945.2	776.3
Gratuity Expense	21.6	69.3
Share based payments expense	738.0	713.3
[Refer notes 43 (i) and (ii) ]		
Staff Welfare Expenses	917.6	834.7
<b>Total</b>	<b>14,030.3</b>	<b>12,180.9</b>

### 32. FINANCE COSTS

Interest on Financial Liabilities - borrowing carried at amortised cost	100.1	6.1
Net Interest on net defined benefit liabilities	111.2	93.3
Other Borrowing Costs (includes bank charges, etc.)	82.9	77.6
Interest on Income Tax	-	64.1
<b>Total</b>	<b>294.2</b>	<b>241.1</b>

**33. OTHER EXPENSES**

	<b>For the Current Year ended 31.03.2017 ₹ in million</b>	For the Previous Year ended 31.03.2016 ₹ in million
Processing Charges	1,046.0	917.0
Stores and Spares Consumed	4,699.0	4,076.8
Repairs and Maintenance:		
- Buildings	263.5	212.7
- Plant and Machinery	874.4	728.8
- Others	1,086.2	808.0
Rent	256.8	212.1
Rates and Taxes	1,030.9	859.6
Insurance	341.9	379.1
Power and Fuel	3,342.3	3,503.5
Contract Labour Charges	978.5	888.5
Excise Duty (net) [Refer note 57 ]	1,269.5	1,239.3
Selling and Promotion Expenses	5,328.0	4,644.3
Commission, Brokerage and Discount	891.3	1,026.0
Freight and Forwarding	551.6	688.2
Lease Rent and Hire Charges [Refer note 41 ]	757.1	562.3
Postage and Telephone Expenses	270.2	234.0
Travelling and Conveyance	1,658.5	1,380.4
Legal and Professional Charges	3,906.8	3,521.4
[Net of recoveries of ₹ nil (previous year ₹ 81.2 million)]		
Donations	69.7	68.6
Clinical and Analytical Charges	3,355.0	1,159.5
Loss on Sale / Write-off of Fixed Assets (net)	50.8	-
Bad Trade Receivables / Deposits written off	4.0	7.3
[Net of provision of earlier years adjusted ₹ 241.0 (previous year ₹ 17.3 million)]		
Provision for Doubtful Trade Receivables /Advances (net)	120.3	137.9
Excess of carrying cost over fair value of current investments (net)	12.4	28.1
Corporate Social Responsibility Expenses [Refer note 47]	196.8	205.1
Directors Sitting Fees	1.2	1.2
Net loss on Foreign Currency Transactions	871.3	-
Business Compensation and Settlement Expenses	1,343.8	588.4
Miscellaneous Expenses	644.5	592.7
<b>Total</b>	<b>35,222.3</b>	<b>28,670.8</b>

### 34. Commitments:

- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, ₹ 3655.4 million (31.03.2016 - ₹ 3766.7 million, 01.04.2015 - ₹ 2399.6 million).
- Letters of comfort for support in respect of a subsidiary. The Company considers its investments in subsidiary as strategic and long-term in nature. The Company is committed to operationally, technically and financially support the operations of its subsidiary.
- Other commitments – Non-cancellable operating leases (Refer note 41).
- Dividends proposed of ₹ 7.5 per equity share before the financial statements approved for issue, but not recognised as a liability in the financial statements is ₹ 3386.8 million (31.03.2016 - ₹ 3379.4 million, 01.04.2015 - ₹ 3371.2 million).

### 35. Contingent Liabilities:

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
a) Income tax demands / matters on account of deductions / disallowances for earlier years, pending in appeals (including ₹ 284.9 million (31.03.2016 - ₹ 44.3 million, 01.04.2015 - ₹ 49.7 million) consequent to department preferring appeals against the orders of the Appellate Authorities passed in favour of the Company).  Amount paid there against and included under "Current Tax Assets (Net)" ₹ 264.8 million (31.03.2016 - ₹ nil, 01.04.2015 - ₹ nil) and "Non-current Tax Assets (Net)" ₹ 146.9 million (31.03.2016 - ₹ 115.1 million, 01.04.2015 - ₹ 55.4 million).	1125.6	825.2	826.4
b) Customs duty, Excise duty, Service tax and Sales tax demands, for input tax credit disallowances and demand for Entry Tax are in appeals and pending decisions. Amount paid there against and included under note 12 "Current Loans" ₹ 23.6 million (31.03.2016 - ₹ 23.2 million, 01.04.2015 - ₹ 28.5 million) and under note 4 "Non-Current Loans" ₹ nil (31.03.2016 - ₹ nil, 01.04.2015 - ₹ 2.5 million).	155.6	292.5	377.0
c) Claims against the Company not acknowledged as debts (excluding interest where the amount is unascertainable) for transfer charges of land, octroi duty, local body tax, employee claims, power, trade marks, pricing, indemnity and stamp duty.  Amount paid there against without admitting liability and included under note 12 "Current Loans" ₹ 118.1 million (31.03.2016 - ₹ 12.3 million, 01.04.2015 - ₹ 12.3 million).	750.4	718.9	753.7
d) Letter of comfort issued by the Company towards the credit facilities sanctioned by the bankers of subsidiary companies aggregating ₹ 129.1 million (31.03.2016 - ₹ 143.3 million, 01.04.2015 - ₹ 139.5 million).	83.9	136.1	-
e) Outstanding credit facilities against corporate guarantees given in respect of credit facilities sanctioned by bankers of subsidiary companies for the purpose of acquisitions, working capital and other business requirements aggregating ₹ 69522.8 million (31.03.2016 - ₹ 125917.9 million, 01.04.2015 - ₹ 1849.9 million).	66303.4	61984.2	1666.9
f) During the year ended 31.03.2015, the Company received a notice from the European Commission for alleged breach of the EU Antitrust Rules, whereby it has sought to levy a fine of Euro 40.0 million (₹ 2771.7 million) on the Company in respect of an agreement entered into by the Company with Laboratories Servior, France, for sale of certain patent applications and IPs for the product Perindopril which the European Commission considered as anti-competitive. The Company, based on facts of the matter and legal advice received does not agree with the said notice / demand and is of the view that it has a strong case to defend itself. Accordingly, the Company has filed an appeal before the European General Court. A bank guarantee (excluding interest) of Euro 40.0 million equivalent to ₹ 2771.7 million (31.03.2016 - Euro 40.0 million equivalent to ₹ 3015.8 million, 01.04.2015 - Euro 40.0 million equivalent to ₹ 2687.6 million) has been furnished to the European Commission.			

Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities. The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

The Company does not envisage any likely reimbursements in respect of the above.

The Company is involved in various legal proceedings, including claims against the Company pertaining to Income tax, Excise, Customs, Sales/VAT tax, product liability related claims, employment claims and other regulatory matters relating to conduct of its business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability where applicable, in the financial statements. The Company carries product liability insurance policy with an amount it believes is sufficient for its needs. In respect of other claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defences, the ultimate disposition of these matters will not have material adverse effect on its financial statements.

36. a) During the year, the Company has made additional Capital Contribution of ₹ 10610.4 million (previous year ₹ 13142.3 million) in Lupin Atlantis Holdings SA, Switzerland (LAHSA), a wholly owned subsidiary.

During the year, the Company has made Capital Contribution of ₹ nil (previous year ₹ 6385.5 million) in Lupin Holdings B.V., Netherlands (LHBV), a wholly owned subsidiary.

During the year, 100% shareholding of Novel Clinical Research (India) Pvt. Ltd., India (Novel India) has transferred from Novel Laboratories Inc., USA to the Company for ₹ 0.1 million. Consequently, Novel India has become a direct subsidiary of the company.

During the previous year, the Company has transferred its 100% shareholding in Lupin (Europe) Limited, UK (LEL) for ₹ 20.0 million to LAHSA. Consequently, LEL has become a step-down subsidiary of the Company.

During the previous year, the Company has transferred its 100% shareholding in Lupin Middle East FZ-LLC, UAE (LME) for ₹ 32.3 million to LAHSA. Consequently, LME has become a step-down subsidiary of the Company.

- b) During the previous year, the Company, through its wholly owned subsidiary Lupin Farmaceutica do Brasil LTDA, Brazil purchased 100% stake in Medquimica Industria Farmaceutica S.A., Brazil (MQ) at a total cost of ₹ 2506.4 million.
- c) During the year, the Company, through its wholly owned subsidiary Lupin Holdings B.V., Netherlands (LHBV), acquired / subscribed to the equity stake of the following subsidiaries:
- i) Additional investment in Generic Health SDN. BHD., Malaysia at a total cost of ₹ 1.0 million (previous year ₹ 0.6 million).
  - ii) 0.01% equity stake in Lupin Ukraine LLC, Ukraine at a total cost of ₹ 269/-.
  - iii) Additional investment in Lupin Farmaceutica do Brazil LTDA, Brazil (LFB) at a total cost of ₹ nil (previous year ₹ 174.1 million). Effective January 01, 2016, LFB merged with MQ, its wholly owned subsidiary company, resulting into LHBV's equity stake in MQ equal to 4.56%.
  - iv) 0.01% equity stake in Lupin Pharma LLC, Russia at a total cost of ₹ nil (previous year ₹ 107/-).
- d) During the year, the Company, through its wholly owned subsidiary LAHSA acquired / subscribed to the equity stake of the following subsidiaries:
- i) Additional investment in Lupin Inc., USA at a total cost of ₹ 5319.6 million (previous year ₹ 1762.0 million) as additional paid-in capital – securities premium.
  - ii) Additional investment in Lupin Pharma LLC, Russia at a total cost of ₹ 33.7 million as capital contribution (previous year ₹ 0.1 million for 99.99% equity stake).
  - iii) 100% equity stake in Lupin Pharma Canada Ltd., Canada (LPCC) transferred from LHBV for ₹ 250.8 million.
  - iv) Additional investment in Lupin (Europe) Ltd., UK at a total cost of ₹ 259.7 million (previous year ₹ nil).
  - v) 99.99% equity stake in Lupin Ukraine LLC, Ukraine at a total cost of ₹ 0.3 million.
  - vi) 100% equity stake in Lupin Japan & Asia Pacific K. K., Japan at a total cost of ₹ 2.9 million.
  - vii) 100% equity stake in Lupin Latam, Inc., USA at a total cost of ₹ 68/-.
  - viii) 94.91% equity stake in LFB at a total cost of ₹ nil (previous year ₹ 3627.4 million). Effective January 01, 2016, LFB merged with MQ, its wholly owned subsidiary company. Subsequently, LAHSA made an additional investment of ₹ 268.8 million (previous year ₹ 274.1 million) in MQ resulting into LAHSA's equity stake in MQ equal to 95.44%.
- e) During the previous year, Lupin Inc., USA (LINC), a wholly owned subsidiary of LAHSA, acquired / subscribed to the equity stake of the following subsidiaries:
- i) 100% equity stake in Gavis Pharmaceuticals, LLC, USA (Gavis) and its wholly owned subsidiary Edison Therapeutics LLC, USA (Edison) at a total cost of ₹ 3664.7 million. Effective February 24, 2017, Edison merged into Gavis.
  - ii) 100% equity stake in Novel Laboratories, Inc., USA (Novel USA) and its wholly owned subsidiary Novel Clinical Research (India) Pvt. Ltd., India at a total cost of ₹ 5327.7 million.
  - iii) 100% equity stake in VGS Holdings, Inc., USA (VGS) at a total cost of ₹ 793.2 million. Effective February 24, 2017, VGS merged into Novel USA.
  - iv) 100% equity stake in Lupin Research Inc., USA at a total cost of ₹ 67/-.
  - v) Lupin Pharmaceuticals, Inc, USA (LPI) has effected a reverse split of the shares in the ratio of 10000:1 and also changed the par value of the shares from USD 1 per share to USD 0.001 per share. This has resulted in reduction of number of shares held by the Company in LPI without changing the proportionate holding of the existing shareholders.
- f) During the previous year, the Company's wholly owned subsidiary LHBV sold 356 shares (0.18% equity stake) of its subsidiary Kyowa Pharmaceutical Industry Co., Limited, Japan to Medipal Holdings Corporation, Japan for a total consideration of ₹ 59.4 million.

The above acquisitions / subscriptions / disposals are based on the net asset values, the future projected revenues, operating profits, cash flows and independent valuation reports; as applicable, of the investee companies.



37. Lupin Ltd and LAHSA have agreed to co-develop a bio-similar product.

38. Pre-operative expenses pending capitalisation included in Capital Work-In-Progress (Refer note 2) represent direct attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same will be capitalised on completion of projects and commencement of commercial operations. The details of pre-operative expenses are:

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Opening balance	231.3	241.0
Incurring during the year:		
Salaries, allowances and contribution to funds	145.4	97.1
Legal and Professional Charges	1.7	2.4
Travelling and Conveyance	18.5	17.2
Power and fuel	150.0	-
Others	69.9	41.9
Total incurred during the year	385.5	158.6
Less: Capitalised during the year	343.8	168.3
Closing balance	<b>273.0</b>	<b>231.3</b>

### 39. Segment Reporting:

The Company has presented data relating to its segments based on its consolidated financial statements, which are presented in the same Annual Report. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard (Ind AS 108) "Operating Segments", no disclosures related to segments are presented in this standalone financial statements.

### 40. Auditors' Remuneration:

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Payment to Auditors*:		
a) As Auditors	13.0	15.0
b) For audit of subsidiaries**	-	4.9
c) In respect of Taxation matters***	-	8.3
d) For other services including Certification	4.5	2.1
e) Reimbursement of out-of-pocket expenses	0.5	0.7
<b>Total</b>	<b>18.0</b>	<b>31.0</b>

\* Excluding service tax and Swachh Bharat Cess

\*\* Represents fees in respect of audit of subsidiaries for consolidation requirements of the Company in terms of Section 129(3) of the 2013 Act.

\*\*\* Includes payment for taxation matters to an affiliated firm of erstwhile auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

41. The Company procures equipments, vehicles and office premises under operating lease agreements that are renewable on a periodic basis at the option of both lessor and lessee. The initial tenure of the lease is generally between 12 months to 60 months. The lease rentals recognised in the Statement of Profit and Loss (Refer note 33) for the year are ₹ 652.8 million (previous year ₹ 478.2 million). The contingent rent recognised in the Statement of Profit and Loss for the year is ₹ nil (previous year ₹ nil). The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
Not later than one year	583.4	527.8	292.9
Later than one year but not later than five years	1380.8	1237.3	322.9
Later than five years	26.4	26.0	23.5
<b>Total</b>	<b>1990.6</b>	<b>1791.1</b>	<b>639.3</b>

The Company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. These arrangements do not involve any material recurring payments, hence other disclosures are not given.

**42. Basic and Diluted Earnings per Share is calculated as under:**

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Profit attributable to equity shareholders (₹ in million)	31413.3	28308.7
Weighted average number of Equity Shares:		
- Basic	451121270	450112397
Add : Effect of dilutive issue of employees stock options (ESOPs) - converted during the year and ESOPs outstanding as at the year end	1845914	2664767
- Diluted	452967184	452777164
Earnings per Share (in ₹)		
- Basic	69.63	62.92
- Diluted	69.35	62.55

**43. Share-based payment arrangements:****i) Employee stock options - equity settled**

The Company implemented "Lupin Employees Stock Option Plan 2003" (ESOP 2003), "Lupin Employees Stock Option Plan 2005" (ESOP 2005), "Lupin Subsidiary Companies Employees Stock Option Plan 2005" (SESOP 2005), "Lupin Employees Stock Option Plan 2011" (ESOP 2011), "Lupin Subsidiary Companies Employees Stock Option Plan 2011" (SESOP 2011), "Lupin Employees Stock Option Plan 2014" (ESOP 2014) and "Lupin Subsidiary Companies Employees Stock Option Plan 2014" (SESOP 2014) in earlier years, as approved by the Shareholders of the Company and the Nomination and Remuneration Committee of the Board of Directors (the Committee).

The Committee determines which eligible employees will receive options, the number of options to be granted, the vesting period and the exercise period. The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each. The options issued under the above schemes vest in a phased manner after completion of the minimum period of one year with an exercise period of ten years from the respective grant dates.

**Category A - Fair Market Value Options (comprising of options granted under ESOP 2003, ESOP 2005, SESOP 2005, ESOP 2011, SESOP 2011, ESOP 2014 and SESOP 2014)**

Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Current Year
				Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	3371309	86-2037.5	796.9	6.6
Add: Options granted during the year	1357195	1441-1521.7	1495.2	9.4
Less: Options lapsed during the year	319230	414-2037.5	1361.9	NA
Less: Options exercised during the year	868512	86-1368.1	490.9	NA
Options outstanding at the year end	3540762	114.6-2037.5	1088.7	7.3
Exercisable at the end of the period	1571038	114.6-2037.5	753.7	5.6
				Previous Year
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	4480135	86-1563	713.5	7.4
Add: Options granted during the year	115950	891.5-2037.5	2037.5	9.0
Less: Options lapsed during the year	170322	455.7-2037.5	1232.9	NA
Less: Options exercised during the year	1054454	86-1368.1	508.6	NA
Options outstanding at the year end	3371309	86-2037.5	796.9	6.6
Exercisable at the end of the period	1826105	86-1563	567.0	5.5

The weighted average grant date fair value of fair market value options granted under Category A during the years ended March 31, 2017 and 2016 was ₹ 494.7 and ₹ 782.0 per option, respectively.

**Category B - Par Value Options (comprising of options granted under ESOP 2014)**

<b>Current Year</b>				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	696073	2.0	2.0	9.3
Add: Options granted during the year	533693	2.0	2.0	9.5
Less: Options lapsed during the year	43934	2.0	2.0	NA
Less: Options exercised during the year	125388	2.0	2.0	NA
Options outstanding at the year end	1060444	2.0	2.0	8.9
Exercisable at the end of the period	75650	2.0	2.0	8.2

<b>Previous Year</b>				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	254239	2.0	2.0	9.7
Add: Options granted during the year	496602	2.0	2.0	9.5
Less: Options lapsed during the year	14588	2.0	2.0	NA
Less: Options exercised during the year	40180	2.0	2.0	NA
Options outstanding at the year end	696073	2.0	2.0	9.3
Exercisable at the end of the period	22155	2.0	2.0	8.6

The weighted average grant date fair value of par value options granted under Category B during the years ended March 31, 2017 and 2016 was ₹ 1417.60 and ₹ 1981.20 per option, respectively.

**Category C - Discounted Fair Market Value Options (comprising of options granted under ESOP 2003, ESOP 2005 and ESOP 2011)**

<b>Current Year</b>				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	100000	724.7-891.5	808.1	9.1
Add: Options granted during the year	50000	720.5	720.5	9.6
Less: Options lapsed during the year	-	-	-	NA
Less: Options exercised during the year	-	-	-	NA
Options outstanding at the year end	150000	720.5-891.5	778.9	8.6
Exercisable at the end of the period	100000	724.7-891.5	808.1	3.8

<b>Previous Year</b>				
Particulars	Shares arising out of options (Nos.)	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Yrs)
Options outstanding at the beginning of the year	50000	724.7	724.7	9.6
Add: Options granted during the year	50000	891.5	891.5	9.6
Less: Options lapsed during the year	-	-	-	NA
Less: Options exercised during the year	-	-	-	NA
Options outstanding at the year end	100000	724.7-891.5	808.1	9.1
Exercisable at the end of the period	50000	724.7	724.7	8.6

The weighted average grant date fair value of discounted fair market value options granted under Category C during the years ended March 31, 2017 and 2016 was ₹ 808.8 and ₹ 1068.6 per option, respectively.

The weighted average share price during the year ended March 31, 2017 and 2016 was ₹ 1516.01 and ₹ 1813.62 per share respectively.

**Valuation of stock options**

The fair value of stock options granted during the period has been measured using the Black-Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. The key inputs and assumptions used are as follows:

**Share price:** The closing price on NSE as on the date of grant has been considered for valuing the options granted.

**Exercise Price:** Exercise Price is the market price or face value or such other price as determined by the Remuneration and Compensation Committee.

**Expected Volatility:** The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.

**Expected Option Life:** Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.

**Expected dividends:** Expected dividend yield has been calculated as an average of dividend yields for four years preceding the date of the grant.

**Risk free interest rate:** The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.

These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years. The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

The weighted average inputs used in computing the fair value of options granted were as follows:

**Weighted average information – 2016-17**

Category	Grant date	Exercise price	Risk free rate (%)	Expected life (years)	Expected Volatility (%)	Dividend yield (%)	Weighted average share price	Weighted Option Fair Value
A	April 01, 2016	1479.3	7.8	4.5	30.6	0.7	1464.9	533.2
A	April 01, 2016	1479.3	7.8	3.8	27.0	0.7	1464.9	450.8
A	April 01, 2016	1479.3	7.8	4.5	30.6	0.7	1464.9	533.2
A	April 01, 2016	1479.3	7.8	3.8	27.0	0.7	1464.9	450.8
B	August 25, 2016	2.0	7.3	3.5	27.3	0.6	1522.2	1489.0
A	August 25, 2016	1521.7	7.3	3.8	27.1	0.6	1522.2	467.2
A	August 25, 2016	1521.7	7.4	4.5	30.4	0.6	1522.2	552.2
A	August 25, 2016	1521.7	7.3	3.8	27.1	0.6	1522.2	467.2
A	August 25, 2016	1521.7	7.4	4.5	30.4	0.6	1522.2	552.2
B	January 03, 2017	2.0	7.3	3.5	28.5	0.6	1505.5	1472.7
A	January 03, 2017	1505.8	7.4	4.5	27.2	0.6	1505.5	515.9
A	January 03, 2017	1505.8	7.4	4.5	27.2	0.6	1505.5	515.9
A	January 24, 2017	1483.3	7.4	4.5	27.1	0.6	1504.7	524.1
B	June 9, 2016	2.0	7.3	3.5	27.4	0.6	1427.2	1396.0
C	November 16, 2016	720.5	7.3	3.0	27.7	0.6	1407.1	808.8
A	November 16, 2016	1441.0	7.4	4.5	30.6	0.6	1407.5	498.3
B	November 16, 2016	2.0	7.3	3.5	27.3	0.6	1407.5	1376.6

Category	Weighted Average Option Fair Value	Weighted Average Share Price
A	494.7	1488.8
B	1417.6	1449.3
C	808.8	1407.1

### Weighted average information – 2015-16

Category	Grant date	Exercise price	Risk free rate (%)	Expected life (years)	Expected Volatility (%)	Dividend yield (%)	Weighted average share price	Weighted Option Fair Value
A	November 19, 2015	891.5	7.8	3.0	23.1	0.7	1807.6	1068.6
A	April 02, 2015	2037.5	7.8	4.5	33.0	0.7	2037.5	782.0
B	August 07, 2015	2.0	7.8	4.5	33.0	0.7	1694.4	1643.5
B	October 07, 2015	2.0	7.8	4.5	33.0	0.7	2065.7	2003.8
B	October 13, 2015	2.0	7.8	4.5	33.0	0.7	2028.3	1967.5
B	December 08, 2015	2.0	7.8	4.5	33.0	0.7	1804.0	1750.2
B	January 07, 2016	2.0	7.8	4.5	33.0	0.7	1717.5	1665.9
B	February 02, 2016	2.0	7.8	4.5	33.0	0.7	1705.8	1654.5
A	April 02, 2015	2037.5	7.8	4.5	33.0	0.7	2037.5	782.0

Category	Weighted Average Option Fair Value	Weighted Average Share Price
A	782.0	2037.5
B	1981.2	2042.3
C	1068.6	1807.6

### ii) Share appreciation rights - cash-settled

During the years 2011-12 and 2012-13, the Company granted Stock Appreciation Rights ("SARs") to certain eligible employees in accordance with Lupin Employees Stock Appreciation Rights Scheme 2011 ("LESARs 2011") approved by the Board of Directors (Board) at their Board Meeting held on September 13, 2011. Under the Scheme, eligible employees are entitled to receive appreciation in value of shares on completion of the vesting period.

The Scheme is administered through the Lupin Employees Benefit Trust ("Trust") as settled by the Company. The Trust is administered by an independent Trustee. At the end of the vesting period of 3 years, the equity shares will be sold in the market by the Trust and the appreciation on the same (if any) will be distributed to the said employees, subject to vesting conditions.

The Company has been submitting required details with stock exchanges in terms of the circulars issued by SEBI in this regard. SEBI vide its circular no. CIR/CFD/POLICYCELL/3/2014 dated June 27, 2014 had extended the timelines for alignment of the Scheme till the new regulations are notified, continuing the prohibition on acquiring securities from the secondary market.

The new regulation viz: Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the Regulation') was notified on October 28, 2014, pursuant to which the existing schemes are to be aligned within one year of the effective date of the Regulation. During the previous year, the Trust had distributed the benefits of SARs to the eligible employees in terms of LESARs 2011 and had not acquired any shares from the secondary market.

As approved by the Board, the Company had, prior to the SEBI circular no. CIR/CFD/DIL/3/2013 dated January 17, 2013 advanced an interest free loan to the Trust during the years 2011-12 and 2012-13 to acquire appropriate number of Equity Shares of the Company from the market on the grant date of SARs and the loan outstanding as at the Balance Sheet date was ₹ nil (31.03.2016 - ₹ nil, 01.04.2015 - ₹ 251.3 million) and treasury shares outstanding as at the balance sheet date was ₹ nil (31.03.2016 - ₹ nil, 01.04.2015 - ₹ 207.8 million).

Particulars	Previous Year			
	Number of rights	Range of purchase prices (₹)	Weighted average purchase price (₹)	Weighted average remaining contractual life (Yrs)
Rights outstanding at the beginning of the year	408592	517.3-620	575.5	0.6
Add: Rights granted during the year	-	-	-	-
Less: Rights lapsed during the year	7103	NA	574.4	NA
Less: Rights redeemed during the year	401489	NA	575.8	NA
Rights outstanding at the year end	-	-	-	-
Exercisable at the end of the period	-	-	-	-

**44. Post-Employment Benefits:**

## (i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. The superannuation fund is administered by the Life Insurance Corporation of India (LIC). 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 Company recognised ₹ 196.1 million (previous year ₹ 179.0 million) for superannuation contribution and ₹ 231.9 million (previous year ₹ 199.9 million) for provident and pension fund contributions in the Statement of Profit and Loss.

## (ii) Defined Benefit Plan:

A) The Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:

- a) 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.
- b) On death in service:  
As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

In addition to the above mentioned scheme, the Company also pays additional gratuity as an ex-gratia and the said amount is provided as non-funded liability based on actuarial valuation.

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. 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.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

Sr. No.	Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
		As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million
<b>I)</b>	<b>Reconciliation in present value of obligations ('PVO') – defined benefit obligation:</b>				
	Current service cost	124.1	111.1	90.9	65.2
	Past service cost	-	-	-	-
	Interest cost	75.6	64.3	50.9	44.6
	Actuarial loss / (gain)				
	- Due to demographic assumption	-	-	-	-
	- Due to finance assumption	32.2	25.8	43.6	9.8
	- Due to experience assumption	72.8	25.4	251.6	(10.3)
	Benefits paid	(83.5)	(80.6)	-	-
	PVO at the beginning of the year	1014.4	868.4	683.3	574.0
	PVO at the end of the year	1235.6	1014.4	1120.3	683.3
<b>II)</b>	<b>Change in fair value of plan assets:</b>				
	Expected return on plan assets	11.7	10.6	-	-
	Interest Income	63.7	56.3	-	-
	Contributions by the employer	162.7	207.6	-	-
	Benefits paid	(83.5)	(80.6)	-	-
	Fair value of plan assets at the beginning of the year	854.7	660.8	-	-
	Fair value of plan assets at the end of the year	1009.3	854.7	-	-
<b>III)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>				
	PVO at the end of the year	1235.6	1014.4	1120.3	683.3
	Fair Value of plan assets at the end of the year	1009.3	854.7	-	-
	Funded status	(226.3)	(159.7)	(1120.3)	(683.3)
	Unrecognised actuarial gain / (loss)	-	-	-	-
	Net liability recognised in the Balance Sheet	(226.3)	(159.7)	(1120.3)	(683.3)

Sr. No.	Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
		As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million
<b>IV)</b>	<b>Expense recognised in the Statement of Profit and Loss:</b>				
	Current service cost	124.1	111.1	90.9	65.2
	Past service cost	-	-	-	-
	Interest cost	11.9	8.1	50.9	44.6
	Total expense recognised in the Statement of Profit and Loss	136.0*	119.2	141.8*	109.8
<b>V)</b>	<b>Other Comprehensive Income</b>				
	Actuarial loss / (gain)				
	- Due to demographic assumption	-	-	-	-
	- Due to finance assumption	32.2	25.8	43.6	9.7
	- Due to experience assumption	72.8	25.4	251.6	(10.3)
	Return on plan assets excluding net interest	(11.7)	(10.6)	-	-
	Total amount recognised in OCI	93.3	40.6	295.2	(0.6)
<b>VI)</b>	<b>Category of assets as at the end of the year:</b>				
	Insurer Managed Funds (100%) (Fund is Managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available)	1009.3	854.7	NA	NA
<b>VII)</b>	<b>Actual return on the plan assets:</b>	75.4	66.9	NA	NA
<b>VIII)</b>	<b>Assumptions used in accounting for the gratuity plan:</b>				
	Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2006-08			
	Discount rate (%)	7.4	7.5	7.4	7.5
	Salary escalation rate (%)	9.0 for first year and 6.0 thereafter	6.0	9.0 for first year and 6.0 thereafter	6.0
	Average Remaining Service (years)	12.4	11.0	12.4	11.0
	Employee Attrition Rate (%)				
	up to 5 years	15.0	15.0	15.0	15.0
	above 5 years	5.0	5.0	5.0	5.0
<b>IX)</b>	Estimate of amount of contribution in immediate next year	222.4	159.7	NA	NA

\* ₹ 35.0 million capitalised as pre-operative expenses, out of above amount.

Gratuity (Funded)	Year Ended				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Experience adjustment					
- On plan liabilities	72.8	25.4	(15.3)	32.6	6.1
- On plan assets	-	-	2.0	4.2	0.1
Present value of benefit obligation	1235.6	1014.4	868.4	652.4	594.9
Fair value of plan assets	1009.3	854.7	660.8	580.9	469.4
Excess of (obligation over plan assets) / plan assets over obligation	(226.3)	(159.7)	(207.6)	(71.5)	(125.5)

**XI) Expected future benefit payments**

Particulars	(₹ in million)
	<b>As at 31.03.2017</b>
1 year	404.1
2 to 5 years	817.0
6 to 10 years	959.8
More than 10 years	2926.2

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

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:

Gratuity (Funded)	(₹ in million)			
	<b>2016-2017</b>		2015-2016	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	206.1	(177.9)	125.7	(110.6)
Future salary growth (1% movement)	(181.1)	206.2	(108.7)	122.5

- B) The provident fund plan of the Company, except at two plants, is operated by "Lupin Limited Employees Provident Fund Trust" ("Trust"). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary.

The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government of India. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Board of Trustees administer the contributions made by the Company to the schemes and also defines the investment strategy.

The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Plan in accordance with Ind AS 19 "Employee Benefits". As per the Guidance Note from the Actuarial Society of India, the Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund as at March 31, 2017 and based on the same, there is no shortfall towards interest rate obligation.



#### 45. Income taxes:

a) Tax expense recognised in profit and loss:

Particulars	Year Ended 31.03.2017 ₹ in million	Year Ended 31.03.2016 ₹ in million
Current Tax Expense for the year	10141.6	10394.0
Tax expense w/back of prior years	(388.1)	(100.7)
Fringe Benefit Tax w/back of prior years	(260.1)	(15.5)
Net Current Tax Expense	9493.4	10277.8
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	883.9	(145.2)
<b>Tax expense for the year</b>	<b>10377.3</b>	<b>10132.6</b>

b) Tax expense recognised in other comprehensive income:

<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	134.5	13.9
<b>Items that will be reclassified to profit or loss</b>		
The effective portion of gains and loss on hedging instruments in a cash flow hedge	(83.0)	(4.3)
<b>Total</b>	<b>51.5</b>	<b>9.6</b>

c) Reconciliation of effective tax rate:

<b>Profit before tax</b>	41790.6	38441.3
Tax using the Company's domestic tax rate (March 31, 2017: 34.61%, March 31, 2016: 34.61%)	14463.7	13304.5
<b>Tax effect of:</b>		
Expenses not deductible for tax purposes	380.9	775.7
Incremental deduction allowed for Research and Development costs	(2833.0)	(1881.4)
Exemption of profit link incentives	(624.4)	(1582.4)
Other Exemption Income	(168.9)	(151.3)
Investment Allowance	(143.5)	(180.0)
Tax Incentive on additional employment	(5.7)	-
Other	(43.6)	(36.3)
<b>Current and Deferred Tax expense (excluding prior year taxes) as per note 45(a)</b>	<b>11025.5</b>	<b>10248.8</b>

## d) Movement in deferred tax balances:

**(Current year ₹ in million)**

Particulars	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2017	Deferred tax asset	Deferred tax liability
<b>Deferred tax assets/ (liabilities)</b>						
Property, plant and equipment	(2562.5)	(1411.9)	-	(3974.4)	-	(3974.4)
Cash Flow Hedge Reserve	(87.0)	-	(83.0)	(170.0)	-	(170.0)
Trade Receivables	123.3	(55.9)	-	67.4	67.4	-
Deferred Income	352.1	49.6	-	401.7	401.7	-
VRS Compensation	40.0	(3.9)	-	36.1	36.1	-
Provision of claims	-	539.5	-	539.5	539.5	-
Employee benefits	461.8	107.9	134.5	704.2	704.2	-
Other items	402.6	(109.2)	-	293.4	293.4	-
<b>Net Deferred tax assets / (liabilities)</b>	<b>(1269.7)</b>	<b>(883.9)</b>	<b>51.5</b>	<b>(2102.1)</b>	<b>2042.3</b>	<b>(4144.4)</b>

**(Previous year ₹ in million)**

Particulars	Net balance April 1, 2015	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2016	Deferred tax asset	Deferred tax liability
<b>Deferred tax assets/ (liabilities)</b>						
Property, plant and equipment	(2475.2)	(87.3)	-	(2562.5)	-	(2562.5)
Cash Flow Hedge Reserve	(82.7)	-	(4.3)	(87.0)	-	(87.0)
Trade Receivables	81.5	41.8	-	123.3	123.3	-
Deferred Income	281.1	71.0	-	352.1	352.1	-
VRS Compensation	44.0	(4.0)	-	40.0	40.0	-
Employee benefits	372.1	75.8	13.9	461.8	461.8	-
Other items	354.7	47.9	-	402.6	402.6	-
<b>Net Deferred tax assets / (liabilities)</b>	<b>(1424.5)</b>	<b>145.2</b>	<b>9.6</b>	<b>(1269.7)</b>	<b>1379.8</b>	<b>(2649.5)</b>

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 and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

As on 31st March 2017, tax liability with respect to the dividends proposed before the financial statements approved for issue, but not recognised as a liability in the financial statements is ₹ 689.5 million (31.03.2016 - ₹ 688.0 million, 01.04.2015 - ₹ 686.3 million).

46. The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ 16116.8 million (previous year ₹ 11020.3 million).

47. The aggregate amount of cash expenditure incurred during the year on Corporate Social Responsibility (CSR) is ₹ 196.8 million (previous year ₹ 205.1 million) and is shown separately under note 33 based on Guidance Note on Accounting for Expenditure on CSR Activities issued by the ICAI.

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Donations	171.5	181.1
Employee Benefits Expense	9.3	9.8
Others – Patient Awareness, etc.	16.0	14.2
<b>Total</b>	<b>196.8</b>	<b>205.1</b>

The amount required to be spent by the Company during the year is ₹ 662.5 million. No amount was spent during the year towards construction/acquisition of any asset relating to CSR expenditure.

48. The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
i. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	828.8 (interest ₹ nil)	391.9 (interest ₹ nil)	387.3 (interest ₹ nil)
ii. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

49. As per best estimate of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37.

Particulars	2016-2017 ₹ in million	2015-2016 ₹ in million
Carrying amount at the beginning of the year	720.1	682.5
Add : Additional Provisions made during the year	1507.1	1093.2
Less : Amounts used / utilised during the year	1390.8	1055.6
Carrying amount at the end of the year	836.4	720.1

50. The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016 is provided in the table below (refer note 10):

(₹ in million)			
Particulars	SBN	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	5.1	1.2	6.3
Add : Permitted receipts	-	4.3	4.3
Less : Permitted payments	(0.1)	(3.0)	(3.1)
Less : Amount deposited in Banks	(5.0)	-	(5.0)
Closing cash in hand as on 30.12.2016	-	2.5	2.5

## 51. Financial Instruments:

### Financial instruments – Fair values and risk management:

#### A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(₹ in million)								
As at 31.03.2017	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	55.3	-	-	55.3	-	-	55.3*	55.3
Non-Current Loans								
- Security Deposit	-	-	532.8	532.8	-	532.8	-	532.8
- Others	-	-	2.4	2.4	-	-	-	-
Current Investments	21120.0	-	-	21120.0	-	21120.0	-	21120.0
Trade Receivables	-	-	39024.5	39024.5	-	-	-	-
Cash and Cash Equivalents	-	-	1580.1	1580.1	-	-	-	-
Other Bank Balances	-	-	160.7	160.7	-	-	-	-
Current Loans	-	-	150.0	150.0	-	-	-	-
Other Current Financial Assets								
- Derivative instruments	1.9	549.1	-	551.0	-	551.0	-	551.0
- Others	-	-	349.1	349.1	-	-	-	-
	<b>21177.2</b>	<b>549.1</b>	<b>41799.6</b>	<b>63525.9</b>	-	<b>22203.8</b>	<b>55.3</b>	<b>22259.1</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	88.9	88.9	-	-	-	-
Trade Payables	-	-	45.4	45.4	-	-	-	-
Other Non-Current Financial Liabilities	-	-	56.4	56.4	-	-	-	-
Current Borrowings	-	-	5796.2	5796.2	-	-	-	-
Trade Payables	-	-	14784.9	14784.9	-	-	-	-
Other Current Financial Liabilities								
- Derivative instruments	266.0	-	-	266.0	-	266.0	-	266.0
- Others	-	-	2387.8	2387.8	-	-	-	-
	<b>266.0</b>	-	<b>23159.6</b>	<b>23425.6</b>	-	<b>266.0</b>	-	<b>266.0</b>

(₹ in million)

As at 31.03.2016	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	54.8	-	-	54.8	-	-	54.8*	54.8
Non-Current Loans								
- Security Deposit	-	-	386.7	386.7	-	386.7	-	386.7
- Others	-	-	3.4	3.4	-	-	-	-
Current Investments	-	-	-	-	-	-	-	-
Trade Receivables	-	-	45451.5	45451.5	-	-	-	-
Cash and Cash Equivalents	-	-	184.9	184.9	-	-	-	-
Other Bank Balances	-	-	164.7	164.7	-	-	-	-
Current Loans	-	-	119.9	119.9	-	-	-	-
Other Current Financial Assets								
- Derivative instruments	0.8	274.9	-	275.7	-	275.7	-	275.7
- Others	-	-	298.0	298.0	-	-	-	-
	<b>55.6</b>	<b>274.9</b>	<b>46609.1</b>	<b>46939.6</b>	-	<b>662.4</b>	<b>54.8</b>	<b>717.2</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	138.6	138.6	-	-	-	-
Trade Payables	-	-	57.0	57.0	-	-	-	-
Other Non-Current Financial Liabilities	-	-	62.7	62.7	-	-	-	-
Current Borrowings	-	-	3729.6	3729.6	-	-	-	-
Trade Payables	-	-	11289.4	11289.4	-	-	-	-
Other Current Financial Liabilities								
- Derivative instruments	-	-	-	-	-	-	-	-
- Others	-	-	2110.8	2110.8	-	-	-	-
	-	-	<b>17388.1</b>	<b>17388.1</b>	-	-	-	-

(₹ in million)

As at 01.04.2015	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	24.7	-	-	24.7	-	-	24.7*	24.7
Non-Current Loans								
- Security Deposit	-	-	230.4	230.4	-	230.4	-	230.4
- Others	-	-	7.1	7.1	-	-	-	-
Other Non-Current Financial Assets								
- Derivative Instruments	1.7	1.5	-	3.2	-	3.2	-	3.2
Current Investments	16567.8	-	-	16567.8	-	16567.8	-	16567.8
Trade Receivables	-	-	25131.5	25131.5	-	-	-	-
Cash and Cash Equivalents	-	-	573.0	573.0	-	-	-	-
Other Bank Balances	-	-	58.0	58.0	-	-	-	-
Current Loans	-	-	90.4	90.4	-	-	-	-
Other Current Financial Assets								
- Derivative instruments	36.4	302.9	-	339.3	-	339.3	-	339.3
- Others	-	-	131.0	131.0	-	-	-	-
	<b>16630.6</b>	<b>304.4</b>	<b>26221.4</b>	<b>43156.4</b>	<b>-</b>	<b>17140.7</b>	<b>24.7</b>	<b>17165.4</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	191.4	191.4	-	-	-	-
Trade Payables	-	-	6.7	6.7	-	-	-	-
Other Non-Current Financial Liabilities								
- Derivative instruments	1.3	1.5	-	2.8	-	2.8	-	2.8
- Others	-	-	72.5	72.5	-	-	-	-
Current Borrowings	-	-	209.5	209.5	-	-	-	-
Trade Payables	-	-	9197.7	9197.7	-	-	-	-
Other Current Financial Liabilities								
- Derivative instruments	-	-	-	-	-	-	-	-
- Others	-	-	2262.1	2262.1	-	-	-	-
	<b>1.3</b>	<b>1.5</b>	<b>11939.9</b>	<b>11942.7</b>	<b>-</b>	<b>2.8</b>	<b>-</b>	<b>2.8</b>

\* These are for operation purposes and the Company expects its refund on exit. The Company estimates that the fair value of these investments are not materially different as compared to its cost.

#### B. Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative instruments	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable
Non-current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

C. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

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 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 limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Company, through its training, 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.

i. **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, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

As at year end, the carrying amount of the Company's largest customer (a Subsidiary based in North America) was ₹ 29436.2 million (31.03.2016 - ₹ 34915.6 million, 01.04.2015 - ₹ 16406.9 million)

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	(₹ in million)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Not past due but impaired	7.3	8.1	18.7
Neither past due not impaired	33291.5	37339.6	22094.0
Past due not impaired			
- 1-180 days	4987.9	7780.4	2857.2
- 181-365 days	745.1	331.5	180.8
Past due impaired			
- 1-180 days	13.9	7.4	-
- 181-365 days	52.0	105.8	53.2
- more than 365 days	121.4	234.9	163.8
<b>Total</b>	<b>39219.1</b>	<b>45807.7</b>	<b>25367.7</b>

**Expected credit loss assessment**

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Particulars	2016-2017 ₹ in million	2015-16 ₹ in million
Balance as at the beginning of the year	356.2	235.7
Impairment loss recognised (net)	93.4	137.9
Amounts written off	(241.0)	(17.3)
Exchange differences	(14.0)	(0.1)
Balance as at the year end	194.6	356.2

The impairment loss at March 31, 2017 related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

**Cash and cash equivalents**

As at the year end, the Company held cash and cash equivalents of ₹ 1580.1 (31.03.2016 - ₹ 184.9 million, 01.04.2015 - ₹ 573.0 million). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

**Other Bank Balances**

Other bank balances are held with bank and financial institution counterparties with good credit rating.

**Derivatives**

The derivatives are entered into with bank and financial institution counterparties with good credit rating.

**Investment in mutual funds**

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties.

**Other financial assets**

Other financial assets are neither past due nor impaired.



## ii. 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 Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

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.

(₹ in million)

As at 31.03.2017	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Non-Current Borrowings	138.6	138.6	49.7	48.0	39.4	1.5
Interest Payables	1.0	82.8	13.8	12.5	29.7	26.8
Trade Payables Non-Current	45.4	45.4	-	19.4	26.0	-
Other Non-Current Financial Liabilities	56.4	56.4	-	8.2	16.8	31.4
Current Borrowings	5796.2	5796.2	5796.2	-	-	-
Trade Payables Current	14784.8	14784.8	14784.8	-	-	-
Other Current Financial Liabilities	2337.1	2337.1	2337.1	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-
<b>Derivative financial liabilities</b>						
Forward exchange contracts (gross settled) – Buy						
- Outflow	266.0	4563.3	4563.3	-	-	-
- Inflow		4280.1	4280.1	-	-	-
<b>Total</b>	<b>23425.5</b>	<b>23241.3</b>	<b>22981.6</b>	<b>88.1</b>	<b>111.9</b>	<b>59.7</b>

(₹ in million)

As at 31.03.2016	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Non-Current Borrowings	189.3	189.3	50.7	56.5	80.7	1.4
Interest Payables	1.2	96.4	14.7	13.6	32.4	35.7
Trade Payables Non-Current	57.0	57.0	-	25.3	31.7	-
Other Non-Current Financial Liabilities	62.7	62.7	-	8.5	18.7	35.5
Current Borrowings	3729.6	3729.6	3729.6	-	-	-
Trade Payables Current	11289.3	11289.3	11289.3	-	-	-
Other Current Financial Liabilities	2058.9	2058.9	2058.9	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-
<b>Derivative financial liabilities</b>						
Forward exchange contracts (gross settled)						
- Outflow	-	-	-	-	-	-
- Inflow		-	-	-	-	-
<b>Total</b>	<b>17388.0</b>	<b>17483.2</b>	<b>17143.2</b>	<b>103.9</b>	<b>163.5</b>	<b>72.6</b>

(₹ in million)

As at 01.04.2015	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Non-Current Borrowings	242.6	242.6	51.2	50.7	133.3	7.4
Interest Payables	2.6	110.8	16.5	14.6	34.1	45.6
Trade Payables Non-Current	6.7	6.7	-	6.7	-	-
Other Non-Current Financial Liabilities	72.5	72.5	-	9.8	22.1	40.6
Current Borrowings	209.5	209.5	209.5	-	-	-
Trade Payables Current	9197.7	9197.7	9197.7	-	-	-
Other Current Financial Liabilities	2208.3	2208.3	2208.3	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-
<b>Derivative financial liabilities</b>						
Forward exchange contracts (gross settled)						
- Outflow	2.8	1429.6	66.9	1362.7	-	-
- Inflow		1424.8	67.0	1357.8	-	-
<b>Total</b>	<b>11942.7</b>	<b>12048.1</b>	<b>11683.2</b>	<b>81.8</b>	<b>189.5</b>	<b>93.6</b>

\* Guarantees issued by the Company on behalf of subsidiaries are with respect to borrowings raised by the respective subsidiary. These amounts will be payable on default by the concerned subsidiary. As of the reporting date, none of the subsidiary have defaulted and hence, the Company does not have any present obligation to third parties in relation to such guarantees (Refer note 55C).

### iii. 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. Thus, our exposure to market risk is a function of 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. The Company uses derivative to manage market risk. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

#### Currency risk

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative instruments, i.e, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

The company enters into foreign currency forward contracts which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables.

The company also enters into derivative contracts in order to hedge and manage its foreign currency exposures towards future export earnings. Such derivatives contracts are entered into by the company for hedging purposes only, and are accordingly classified as cash flow hedge.

Following is the derivative financial instruments to hedge the foreign exchange rate risk:

<b>(Amount in million)</b>							
Category	Instrument	Currency	Cross Currency	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	Buy/Sell
Hedges of highly probable forecasted transactions	Forward contract	USD	INR	USD 96.0	USD 209.0	USD 333.0	Sell

In addition to the above, the Company has entered into foreign currency forward contract (buy) aggregating USD 66.0 million (with cross currency INR) (31.03.2016 - ₹ nil, 01.04.2015 - ₹ nil) for purposes other than hedging.

#### Exposure to Currency risk

Following is the currency profile of non-derivative financial assets and financial liabilities:

Particulars	<b>As at 31.03.2017</b>				
	USD	EURO	GBP	JPY	Others
<b>Financial assets</b>					
Cash and cash equivalents	1322.4	-	-	108.4	31.9
Trade Receivables	33650.2	833.6	303.2	122.5	722.0
Other current financial assets	-	-	-	-	-
	34972.6	833.6	303.2	230.9	753.9
<b>Financial liabilities</b>					
Trade Payables	4120.2	264.1	94.8	88.6	1647.3
Current Borrowings	4280.2	-	-	-	-
	8400.4	264.1	94.8	88.6	1647.3
<b>Net statement of financial position exposure</b>	<b>26572.2</b>	<b>569.5</b>	<b>208.4</b>	<b>142.3</b>	<b>(893.4)</b>

(₹ in million)

Particulars	As at 31.03.2016				
	USD	EURO	GBP	JPY	Others
<b>Financial assets</b>					
Cash and cash equivalents	12.4	-	-	29.1	12.8
Trade Receivables	39741.9	732.1	495.6	48.0	590.6
Other current financial assets	-	0.9	-	-	-
	39754.3	733.0	495.6	77.1	603.4
<b>Financial liabilities</b>					
Trade Payables	3222.5	155.6	104.7	29.4	26.5
Current Borrowings	3379.0	-	-	-	-
	6601.5	155.6	104.7	29.4	26.5
<b>Net statement of financial position exposure</b>	<b>33152.8</b>	<b>577.4</b>	<b>390.9</b>	<b>47.7</b>	<b>576.9</b>

(₹ in million)

Particulars	As at 01.04.2015				
	USD	EURO	GBP	JPY	Others
<b>Financial assets</b>					
Cash and cash equivalents	114.2	-	-	-	15.7
Trade Receivables	21472.7	431.2	236.1	13.8	58.7
Other current financial assets	0.1	16.7	41.9	-	-
	21587.0	447.9	278.0	13.8	74.4
<b>Financial liabilities</b>					
Trade Payables	3018.4	196.6	84.7	12.4	39.1
Current Borrowings	-	-	-	-	-
	3018.4	196.6	84.7	12.4	39.1
<b>Net statement of financial position exposure</b>	<b>18568.6</b>	<b>251.3</b>	<b>193.3</b>	<b>1.4</b>	<b>35.3</b>

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars 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.

(₹ in million)

March 31, 2017	Profit or (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	265.7	(265.7)	62.3	(62.3)
EUR	5.7	(5.7)	-	-
GBP	2.1	(2.1)	-	-
JPY	1.4	(1.4)	-	-
Others	(8.9)	8.9	-	-
	<b>266.0</b>	<b>(266.0)</b>	<b>62.3</b>	<b>(62.3)</b>

(₹ in million)

March 31, 2016	Profit or (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	331.5	(331.5)	138.5	(138.5)
EUR	7.3	(7.3)	-	-
GBP	3.9	(3.9)	-	-
JPY	0.5	(0.5)	-	-
Others	5.8	(5.8)	-	-
	<b>349.0</b>	<b>(349.0)</b>	<b>138.5</b>	<b>(138.5)</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 financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

Company's interest rate risk arises from borrowings and finance lease obligations. The interest rate profile of the Company's interest-bearing borrowings is as follows:

(₹ in million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Non-Current Borrowings</b>			
Fixed rate borrowings	138.6	189.3	242.6
Variable rate borrowings	-	-	-
	138.6	189.3	242.6
<b>Current Borrowings</b>			
Fixed rate borrowings	-	-	-
Variable rate borrowings	5796.2	3729.6	209.5
	5796.2	3729.6	209.5
<b>Total</b>	<b>5934.8</b>	<b>3918.9</b>	<b>452.1</b>

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or (loss)	
	100 bp increase	100 bp decrease
Cash flow sensitivity (net)		
<b>March 31, 2017</b>		
Variable-rate borrowings	(58.0)	58.0
March 31, 2016		
Variable-rate borrowings	(37.3)	37.3

(₹ in million)

The risk estimates provided assume a change of 100 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

**Commodity rate risk**

The Company's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As of March 31, 2017, March 31, 2016 and April 1, 2015 the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

**52. 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 board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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, less cash and cash equivalents, other bank balances and current investments.

The Company's policy is to keep the ratio below 1.5. The Company's adjusted net debt to total equity ratio at March 31, 2017 was as follows:

Particulars	As at		
	31.03.2017	31.03.2016	01.04.2015
Total liabilities	5934.8	3918.9	452.1
Less : Cash and cash equivalent	1580.1	184.9	573.0
Less : Other Bank Balances	160.7	164.7	58.0
Less : Current Investments	21120.0	-	16567.8
Adjusted net debt	(16926.0)	3569.3	(16746.7)
Total equity	147802.4	119130.8	92766.9
Adjusted net debt to total equity ratio	(0.11)	0.03	(0.18)

(₹ in million)

### 53. Hedge accounting:

The Company's risk management policy is to hedge above 15% of its estimated net foreign currency exposure in respect of highly probable forecast sales over the following 12-18 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk. Such contracts are generally designated as cash flow hedges.

The forward exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1. Most of these contracts have a maturity of 12-18 months from the reporting date. The Company's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in the cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, changes in timing of the hedged transactions is the main source of hedge ineffectiveness.

a. Disclosure of effects of hedge accounting on financial position:

(₹ in million)

#### As at 31.03.2017

Type of hedge and risks	Nominal Value (in USD mn)	Carrying amount of hedging instrument		Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/ rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities						
Cash flow hedge									
Forward exchange forward contracts	96.0	551.0	-	Other current financial assets	April 2017 – March 2018	1:1	72.55	580.8	(578.8)

(₹ in million)

#### As at 31.03.2016

Type of hedge and risks	Nominal Value (in USD mn)	Carrying amount of hedging instrument		Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/ rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities						
Cash flow hedge									
Forward exchange forward contracts	209.0	275.7	-	Other current financial assets	April 2016 – March 2017	1:1	69.79	289.6	(289.5)

(₹ in million)

#### As at 01.04.2015

Type of hedge and risks	Nominal Value (in USD mn)	Carrying amount of hedging instrument		Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/ rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities						
Cash flow hedge									
Forward exchange forward contracts	333.0	3.2	-	Other non-current financial assets	April 2015 – March 2017	1:1	63.21	NA	NA
		339.3	-	Other current financial assets					
		-	(2.8)	Other non-current financial liabilities					

## b. Disclosure of effects of hedge accounting on financial performance:

**(₹ in million)****As at 31.03.2017**

	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or (loss)	Line item in the statement of profit or loss that includes the hedge ineffectiveness	Amount reclassified from cash flow hedging reserve to profit or (loss)	Line item affected in statement of profit or loss because of the reclassification
Cash flow hedge	891.2	1.1	Other Expenses - Net loss on Foreign Currency Transactions	615.9	Revenue from operations - Sale of goods

**(₹ in million)****As at 31.03.2016**

	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or (loss)	Line item in the statement of profit or loss that includes the hedge ineffectiveness	Amount reclassified from cash flow hedging reserve to profit or (loss)	Line item affected in statement of profit or loss because of the reclassification
Cash flow hedge	55.6	(35.9)	Other Expenses - Net loss on Foreign Currency Transactions	119.5	Revenue from operations - Sale of goods

## c. The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

**(₹ in million)**

Movements in cash flow hedging reserve	
<b>Balance as at 1 April 2015</b>	<b>220.2</b>
Add : Changes in the fair value of effective portion of outstanding cash flow derivative (net of settlement)	55.6
Less : Amounts re-classified to profit or loss	(83.6)
Less : Deferred tax	(4.3)
<b>As at March 31, 2016</b>	<b>187.9</b>
Add : Changes in the fair value of effective portion of outstanding cash flow derivative (net of settlement)	891.2
Less : Amounts re-classified to profit or loss	(617.0)
Less : Deferred tax	(83.0)
<b>As at March 31, 2017</b>	<b>379.1</b>



#### 54. Off-setting or similar agreements:

The recognised financial instruments that are offset in balance sheet as at March 31, 2017:

(₹ in million)

As at 31.03.2017	Effects of offsetting on the balance sheet			Amounts subject to master netting	
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Related amounts not offset	Net amount
Financial assets					
Derivative instruments	551.0	-	551.0	-	551.0
Trade and other receivables	1.0	(0.4)	0.6	-	-
Financial liabilities					
Derivative instruments	(266.0)*	-	(266.0)	-	(266.0)
Trade and other payables	(0.4)	0.4	-	-	-

The recognised financial instruments that are offset in balance sheet as at March 31, 2016:

(₹ in million)

As at 31.03.2016	Effects of offsetting on the balance sheet			Amounts subject to master netting	
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Related amounts not offset	Net amount
Financial assets					
Derivative instruments	275.7	-	275.7	-	275.7
Trade and other receivables	1.0	(0.4)	0.6	-	-
Financial liabilities					
Trade and other payables	(0.4)	0.4	-	-	-

The recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at April 1, 2015:

(₹ in million)

As at 01.04.2015	Effects of offsetting on the balance sheet			Amounts subject to master netting	
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Related amounts not offset	Net amount
Financial assets					-
Derivative instruments	342.5	-	342.5	(2.8)	339.7
Trade and other receivables	-	-	-	-	-
Financial liabilities					
Derivative instruments	(2.8)	-	(2.8)	2.8	-
Trade and other payables	-	-	-	-	-

Offsetting arrangements:

(i) Trade receivables and payables

The Company has certain customers which are also supplying materials. Under the terms of agreement, the amounts payable by the Company are offset against receivables and only net amounts are settled.

(ii) Derivatives

The Company enters into derivative contracts for hedging future sales. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all the transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

\* During the year, the Company has entered into foreign currency forward contracts (buy) for purposes other than hedging.

**55. Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:****A. Relationships –****Category I: Subsidiaries:**

Lupin Pharmaceuticals, Inc., USA  
 Kyowa Pharmaceutical Industry Co., Limited, Japan  
 Lupin Australia Pty Limited, Australia  
 Lupin Holdings B.V., Netherlands  
 Pharma Dynamics (Proprietary) Limited, South Africa  
 Hormosan Pharma GmbH, Germany  
 Multicare Pharmaceuticals Philippines Inc., Philippines  
 Lupin Atlantis Holdings SA, Switzerland  
 Lupin (Europe) Limited, UK  
 Lupin Pharma Canada Limited, Canada  
 Lupin Mexico S.A. de C.V., Mexico  
 Generic Health Pty Limited, Australia  
 Bellwether Pharma Pty Limited, Australia  
 Lupin Philippines Inc., Philippines  
 Lupin Healthcare Limited, India  
 Generic Health SDN. BHD., Malaysia  
 Kyowa CritiCare Co., Limited, Japan  
 Lupin Middle East FZ-LLC, UAE  
 Lupin GmbH, Switzerland  
 Lupin Inc., USA  
 Lupin Farmaceutica do Brasil LTDA, Brazil (upto December 31, 2015)  
 Medquimica Industria Farmaceutica LTDA, Brazil  
 Nanomi B.V., Netherlands  
 Laboratorios Grin S.A. de C.V., Mexico  
 Lupin Pharma LLC, Russia (from February 11, 2016)  
 VGS Holdings, Inc., USA (from March 8, 2016 and upto February 24, 2017)  
 Novel Laboratories, Inc., USA (from March 8, 2016)  
 Novel Clinical Research (India) Private Limited., India (from March 8, 2016)  
 Gavis Pharmaceuticals, LLC., USA (from March 8, 2016)  
 Edison Therapeutics, LLC, USA (from March 8, 2016 and upto February 24, 2017)  
 Lupin Research Inc., USA (from March 8, 2016)  
 Lupin Ukraine LLC, Ukraine (w.e.f. July 6, 2016)  
 Lupin Latam, Inc., USA (w.e.f. December 15, 2016)  
 Lupin Japan & Asia Pacific K.K., Japan (w.e.f. March 13, 2017)

**Category II: Jointly Controlled Entity:**

YL Biologics Ltd., Japan

**Category III: Key Management Personnel (KMP)**

Dr. D. B. Gupta	Chairman
Dr. Kamal K. Sharma	Vice Chairman
Ms. Vinita Gupta	Chief Executive Officer
Mr. Nilesh Gupta	Managing Director
Mrs. M. D. Gupta	Executive Director
Mr. Ramesh Swaminathan	Chief Financial Officer and Executive Director
Mr. R.V. Satam	Company Secretary

### Non-Executive Directors

Dr. Vijay Kelkar  
Mr. R. A. Shah  
Mr. Richard Zahn  
Dr. K. U. Mada  
Mr. Dileep C. Choksi  
Mr. Jean-Luc Belingard

### Category IV: Others (Relatives of KMP and Entities in which the KMP and Relatives of KMP have control or significant influence)

Mrs. Kavita Sabharwal (Daughter of Chairman)  
Dr. Anuja Gupta (Daughter of Chairman)  
Dr. Richa Gupta (Daughter of Chairman)  
Mrs. Pushpa Khandelwal (Sister of Chairman)  
Mrs. Shefali Nath Gupta (Wife of Managing Director)  
Ms. Veda Nilesh Gupta (Daughter of Managing Director)  
BS Merc Private Limited (formerly Bharat Steel Fabrication and Engineering Works)  
D. B. Gupta (HUF)  
Lupin Human Welfare and Research Foundation  
Lupin Foundation  
Lupin International Pvt. Limited (upto September 21, 2016)  
Lupin Investments Pvt. Limited  
Lupin Holdings Pvt. Limited  
Matashree Gomati Devi Jana Seva Nidhi  
Polynova Industries Limited  
Rahas Investments Pvt. Limited  
Synchem Investments Pvt. Limited (upto September 21, 2016)  
Visiomed Investments Pvt. Limited  
Zyma Laboratories Limited  
Concept Pharmaceuticals Limited  
Shuban Prints  
TeamLease Services Limited

### B. Transactions with the related parties:

Sr. No.	Transactions	For the year ended 31.03.2017 ₹ in million	For the year ended 31.03.2016 ₹ in million
1.	Sale of Goods		
	Lupin Pharmaceuticals, Inc.	64443.3	52523.8
	Other Subsidiaries	3188.2	2775.9
2.	Sale – Research Services-IP		
	Subsidiaries	-	432.7
3.	Sale – Research Services-Others:-		
	a) Contract R & D Services		
	Subsidiaries	700.1	817.3
	b) Technology License Fees		
	Subsidiaries	-	58.5
4.	Sale of Fixed Asset		
	Subsidiaries	0.1	-

Sr. No.	Transactions	For the year ended 31.03.2017 ₹ in million	For the year ended 31.03.2016 ₹ in million
5.	Guarantee Fees Income		
	Subsidiaries	139.3	37.2
6.	Services Rendered (Income)		
	Subsidiaries	3.4	1.6
7.	Rent Expenses		
	Subsidiaries	4.4	-
	Others	77.8	90.2
8.	Research and Development Expenses		
	Lupin Inc.	1438.1	-
9.	Expenses Recovered / Rent Received		
	Subsidiaries	347.5	111.1
	Jointly Controlled Entity	6.5	1.5
	Others	2.8	2.7
10.	Remuneration Paid		
	Key Management Personnel	814.1	865.4
11.	Purchases of Goods / Materials		
	Subsidiaries	0.1	-
	Others	164.2	149.6
12.	Investments during the year		
	Lupin Atlantis Holdings SA	10610.4	13142.3
	Lupin Holdings B.V.	-	6385.5
	Other Subsidiaries	0.1	-
13.	Commission & Sitting Fees to Non-Executive Directors		
	Key Management Personnel	27.1	23.7
14.	Donations Paid		
	Others	203.4	197.4
15.	Dividend Paid		
	Key Management Personnel	44.2	49.4
	Others	1543.9	1527.8
16.	Services Received (Expense)		
	Lupin Pharmaceuticals, Inc.	1263.3	1413.8
	Other Subsidiaries	986.8	696.5
	Others	46.4	49.2
17.	Expenses Reimbursed		
	Subsidiaries	801.0	640.5
	Others	11.5	-
18.	Dividend Income		
	Subsidiaries	30.5	10.0
19.	Purchase of Fixed Asset		
	Subsidiaries	41.5	59.2
20.	Sale of Investment in Subsidiaries		
	Subsidiaries	-	52.3
21.	Corporate guarantees issued by the Company to the bankers of subsidiary companies	13783.0	125144.4
	Kyowa Pharmaceutical Industry Co., Limited	13282.6	-
	Lupin Atlantis Holdings SA and Lupin Inc.	-	117470.1
	Lupin Pharmaceuticals, Inc.	-	6956.8
	Other Subsidiaries	500.4	717.5
22.	Withdrawal of corporate guarantees given by the Company to the bankers of subsidiary companies	68940.7	1154.7
	Lupin Atlantis Holdings SA and Lupin Inc.	61285.9	-
	Lupin Pharmaceuticals, Inc.	6956.8	-
	Other Subsidiaries	698.0	1154.7

Related party transactions above 1% of revenue from operations are disclosed separately.

Compensation paid to Key Management Personnel	For the year ended 31.03.2017 ₹ in million	For the year ended 31.03.2016 ₹ in million
Short-term employee benefits	717.8	678.2
Post-employment benefits	40.1	37.2
Share based payments	56.2	150.0
<b>Total</b>	<b>814.1</b>	<b>865.4</b>

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31.03.2016 - ₹ nil, 01.04.2015 - ₹ nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### C. Balances due from/to the related parties:

Sr. No.	Balances	As at 31.03.2017 ₹ in million	As at 31.03.2016 ₹ in million	As at 01.04.2015 ₹ in million
1.	Investments			
	Subsidiaries	47963.9	37353.4	17877.9
2.	Deposits paid under Leave and License arrangement for premises			
	Others	43.4	54.7	54.7
3.	Trade Receivables			
	Subsidiaries	31533.9	37341.8	18440.4
4.	Trade Payables			
	Subsidiaries	1381.5	1614.8	625.3
	Others	4.6	3.9	3.4
5.	Commission Payable			
	Key Management Personnel	428.6	400.5	326.8
6.	Expenses Payable			
	Subsidiaries	561.6	173.7	59.5
7.	Expenses Receivable			
	Subsidiaries	248.7	174.3	40.5
	Jointly Controlled Entity	6.5	0.8	-
8.	Advance from Customer			
	Subsidiaries	17.8	14.9	19.4
9.	Income Receivable			
	Subsidiaries	90.1	34.0	38.1
10.	Payable for Purchase of Fixed Asset			
	Subsidiaries	100.6	59.2	-
11.	Deposits received under Leave and License arrangement for premises			
	Others	0.1	0.1	0.1
12.	Letter of Comfort issued by the Company to the bankers of subsidiary companies	129.1	143.3	139.5
13.	Corporate guarantees issued by the Company to the bankers of subsidiary companies	69522.8	125917.9	1849.9

Transactions and balances with Jointly Controlled Entity have been reported at full value.

**56. First time adoption of Ind AS:**

Transition to Ind AS:

For the purposes of reporting as set out in Note 1B(a), the Company has transitioned basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1B have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing opening Ind AS balance sheet, the Company has adjusted amounts reported in financial statements prepared in accordance with IGAAP. On transition, the Company did not revise estimates previously made under IGAAP except where required by Ind AS.

**A. Reconciliation of Equity reported**

Particulars	Footnote ref.	As at	As at
		31.03.2016	01.04.2015
		(Net of deferred tax)	(Net of deferred tax)
		₹ in million	₹ in million
<b>Equity reported under IGAAP</b>		115926.4	90277.4
Summary of Ind AS adjustments			
Proposed Dividend	1	3379.4	3371.2
Tax on Proposed Dividend	1	688.0	686.3
Revenue Recognition - Measurement of Revenue, Linked Arrangements	2	(1043.8)	(889.3)
Trade and other receivables	3	(5.3)	(12.2)
Stock Appreciation Rights (SARs) Liability - Reclassification and Fair Valuation	4	-	(473.7)
Treasury Stock on consolidation of SARs trust	4	-	(270.8)
Retained earnings on consolidation of SARs trust	4	58.8	57.2
Employee Stock Option Plan (ESOP) cost charged to subsidiaries	5	124.4	-
Fair valuation of Mutual Funds Investments	6	-	18.4
Fair valuation of non-current security deposits	8	(0.8)	2.4
Reversal of straight lining of lease rent	9	3.6	-
Total Ind AS adjustments		3204.3	2489.5
<b>Equity reported under Ind AS</b>		<b>119130.7</b>	<b>92766.9</b>

**B. Reconciliation of Total Comprehensive income**

Particulars	Footnote ref.	For the year
		ended 31.03.2016
		₹ in million
<b>Net profit reported under IGAAP</b>		28850.7
Summary of Ind AS adjustments (Net of deferred tax)		
Revenue Recognition - Measurement of Revenue, Linked Arrangements	2	(154.4)
Trade and other receivables	3	6.9
SARs cost	4	(50.5)
ESOP cost	5	(354.9)
Fair valuation of Mutual Funds Investments	6	(18.4)
Effective portion of Losses on hedging instruments transferred to Cash Flow Hedge Reserve	7	(68.2)
Fair valuation of non-current security deposits	8	(0.6)
Reversal of straight lining of lease rent	9	3.8
Total Ind AS adjustments		(636.3)
<b>Total Comprehensive Income under Ind AS</b>		<b>28214.4</b>

**C. Reconciliation of Statement of Cash Flows**

There were no material differences between the Statement of Cash Flows presented under Ind AS and under IGAAP.

Notes to the reconciliation:

1. Proposed dividend

Under previous GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend has occurred after period end. Therefore, the liability recorded for this dividend and tax thereon, has been derecognised against retained earnings.

2. Revenue Recognition - Measurement of Revenue, Linked arrangements

Under Ind AS, revenue is required to be measured at the fair value of consideration received or receivable. Further, under Ind AS, rebates and cash discounts expected to be offered in subsequent periods are required to be factored in and a corresponding reduction from revenue is considered.

The Company enters into out licensing products for the purpose of selling its products in various markets. Ind AS requires an evaluation of separate standalone value of a deliverable while determining the timing and subsequently measuring revenue. In view of this requirement, revenue in relation to dossier arrangements have been re-allocated and consequent impact on timing of revenue recognition has been considered.

3. Trade and other Receivables

Under previous GAAP, the Company has created provision for impairment of receivables only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model.

4. Stock Appreciation Rights (SARs) Liability

Under previous GAAP, expenses in relation to SARs were measured with reference to intrinsic value and the corresponding sum was reflected as part of the reserves. Under Ind AS, the expense in relation to the SARs are required to be measured at fair value and to be presented as a liability.

Further, under Ind AS, the Company has elected to treat the Trust (set up to administer the SARs) as a branch. Consequently, the equity shares of the Company held by the Trust have been presented as Treasury Stock and reduced from the equity.

5. ESOP Cost

Under previous GAAP, the Company recognised only the intrinsic value for the ESOP plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of ₹ 354.9 million (net of ₹ 124.4 million cross charged to subsidiaries) has been recognised in profit or loss for the year ended March 31, 2016.

6. Fair valuation of Mutual Funds Investments

Under previous GAAP, Mutual Funds Investments were carried at cost and only mark to market losses were recognised in Statement of Profit and Loss. Under Ind AS, Mutual Funds Investments are fair valued at the period end and resulting mark to market loss or gain is transferred to Statement of Profit and Loss.

7. Effective portion of Losses on hedging instruments transferred to Cash Flow Hedge

The fair value of forward foreign exchange contracts is recognised under both previous GAAP and Ind AS. Under previous GAAP, effective portion of Losses on hedging instruments is transferred to Cash Flow Hedge Reserve, and was not part of net profit reported under previous GAAP. Under Ind AS, said amount is disclosed as a part of Other Comprehensive Income.

8. Fair valuation of non-current security deposits

Under previous GAAP, security deposits are carried at their book values. Under Ind AS, non-cancellable deposits (other than statutory in nature) are required to be measured at their fair values at inception using an appropriate discounting rate.

9. Reversal of straight lining of lease rent

Lease rentals straight-lined under previous GAAP, to the extent linked to inflation are reversed under Ind AS 17.

57. Excise duty (Refer note 33) includes ₹ 165.8 million (previous year ₹ 74.2 million) being net impact of the excise duty provision on opening and closing stock.
58. No borrowing cost has been capitalised during the year.
59. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable loss. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standard for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W - 100022

**Venkataramanan Vishwanath**  
Partner  
Membership No. 113156

For and on behalf of **Board of Directors of Lupin Limited**

**Dr. Desh Bandhu Gupta**  
Chairman  
DIN: 00209378

**Dr. Kamal K. Sharma**  
Vice Chairman  
DIN: 00209430

**Vinita Gupta**  
Chief Executive Officer  
DIN: 00058631

**Nilesh Gupta**  
Managing Director  
DIN: 01734642

**M. D. Gupta**  
Executive Director  
DIN: 00209461

**Ramesh Swaminathan**  
Chief Financial Officer  
& Executive Director  
DIN: 01833346

**Dr. Vijay Kelkar**  
Director  
DIN: 00011991

**R. A. Shah**  
Director  
DIN: 00009851

**Richard Zahn**  
Director  
DIN: 02937226

**Dr. K. U. Mada**  
Director  
DIN: 00011395

**Dileep C. Choksi**  
Director  
DIN: 00016322

**Jean Luc Belingard**  
Director  
DIN: 07325356

Place : Mumbai  
Dated : May 24, 2017

**R.V. Satam**  
Company Secretary  
ACS - 11973





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**LUPIN**



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