



Innovating for
affordable healthcare

Shilpa Medicare Limited

Manufacturers and Exporters of Bulk Drugs

Shilpa House # 12-6-214/A-1, Hyderabad Road,
RAICHUR - 584 135, Karnataka, India.

Phone : +91-8532-238704, Fax : +91-8532-238876

CIN No. L85110KA1987PLC008739

E-mail : info@vbshilpa.com Website : http://www.vbshilpa.com

Date: 25th September 2018

To BSE Limited Phiroze, Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	To National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, BandraKurla Complex, Bandra (E), Mumbai – 400 051
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Dear Sir / Madam,

Subject: Soft copy of Annual Report -2017-18 of Shilpa Medicare Limited
Ref: Scrip Code: 530549/ Scrip Symbol: SHILPAMED


With reference to the subject mentioned above Please find the attached soft copy of Annual Report of the Company in PDF format along with Notice of 31st Annual General Meeting.

This is for your information and record.

Thanking you

Yours sincerely

For Shilpa Medicare Limited


Madhusudhan Reddy
Company Secretary &
Compliance Officer



Enclosed:

Annual Report 2017-18

31st *Annual Report* 2017-2018



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Shilpa Medicare Limited

Awards & Certifications



Best One Star Export House award was presented during ECGC Indian Exporters' Excellence Awards 2017 by Shri Suresh Prabhu, Honourable Union Minister of Commerce & Industry, Government of India



Mr. Ravi Innani received 'Export Excellence Award' by VTPC-2017 & conferred by Shri R. V. Deshpande, Minister for Large and Medium Industries., Govt. of Karnataka.



Shilpa Medicare bagged Pharmexcil's 'Outstanding Export Performance Award' in recognition of commendable contribution in pharmaceutical exports.



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Registered Office

#12-6-214/A-1,
Hyderabad Road,
Raichur, Karnataka- 584135

31st

ANNUAL GENERAL MEETING

Monday the 17th day of September, 2018 at 12.15 P.M. at the
Registered Office of the Company at #12-6-214/A-1,
Hyderabad Road, Raichur-584 135, Karnataka.

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COMPANY INFORMATION

Board Committees

Audit Committee

Rajender Sunki Reddy	-	Chairman
Omprakash Inani	-	Member
Pramod Kasat	-	Member

Nomination and Remuneration Committee

Pramod Kasat	-	Chairman
N.P.S Shinh	-	Member
Omprakash Inani	-	Member

Stakeholders Relationship Committee

Omprakash Inani	-	Chairman
Vishnukant C Bhutada	-	Member

Corporate Social Responsibility Committee

Rajender Sunki Reddy	-	Chairman
Omprakash Inani	-	Member
Vishnukant C Bhutada	-	Member

Chief Financial Officer

Sushil Bajaj

Company Secretary

Madhusudhan Reddy

Secretarial Auditors

P.S. Rao & Associates

Company Secretaries
6-3-347-22/2, Flat No. 10, 4th Floor,
Iswarya Nilayam, Dwarakapuri Colony,
Punjagutta-82, Hyderabad

Statutory Auditors

Brahmayya & Co.,

Chartered Accountants
#403 & 404, Golden Green Apartments,
Irrum Manzil Colony, Hyderabad- 500 082.

Bankers

Standard Chartered Bank Ltd
CITI Bank N.A.
Lakshmi Vilas Bank Ltd
State Bank of India
Axis Bank Ltd
HongKong and Shanghai Banking Corporation Limited

Registered Office

12-6-214/A-1, Hyderabad Road
Raichur – 584135 (Karnataka)
Phone: 08532-238704, Fax: 08532-238876;
Email: info@vbshilpa.com, Web: www.vbshilpa.com

Works

Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B,
Deosugur Industrial Area,
Deosugur - 584 170, (Raichur District), Karnataka.

100 % Export Oriented Unit

33-33A, 40-47, Raichur Industrial Growth
Center, Wadloor Road, Chicksugur,
District, Raichur - 584134, Karnataka.

SEZ Unit

Plot No. S-20 to S-26, Pharma SEZ TSIIC Green Industrial
Park, Pollepally Village, Jadcherla Mandal,
Dist - Mahaboobnagar - 509301, Telangana.

R&D Units

Raichur R&D
Hubli R&D
Vizag R&D

Subsidiary Companies

1. INM Technologies Private Limited
2. Shilpa Therapeutics Private Limited
3. Zatortia Holdings Limited
4. Makindus Inc, USA
5. Koanaa Healthcare Limited, UK
6. Koanna Healthcare GmbH, Austria
7. INM Nuvent Paints Private Limited (Step-Down Subsidiary)
8. Loba Feinchemie GmbH, Austria (Step-Down Subsidiary)

Joint Venture Companies

1. Reva Medicare Private Limited
2. Raichem Medicare Private Limited

Board of Directors



1. Omprakash Inani

Chairman & Director

Mr. Omprakash Inani has more than 30 years of business experience. He monitors business and functional aspects of the Company along with the operations of all the plants. Additionally, he is member of Audit and Remuneration Committee of Shilpa Medicare Group of Companies. Currently he is also a council Member in “Academy of Medical Education, Dental College & V.L. College of Pharmacy”, “Taranath Shikshana Samsthe, Raichur” and a trustee in “Akhil Bhartiya Maheshwari Education Trust, Pune”.

Mr. Omprakash Inani is also Managing Committee Member of “Karnataka State Cotton Assn., Hubli”.

2. Vishnukant Chaturbhuj Bhutada

Managing Director

Mr. Vishnukant Bhutada holds bachelor’s degree in Pharmacy and has 30 years of experience in the Pharmaceutical Industry. He is one of the founder member of Shilpa Medicare Limited. He is the main guiding force behind the progress of Shilpa Medicare Limited. His knowledge regarding pharmaceutical industry is unparalleled and is the pacesetter of the

illustrious Medicare firm. He created carved a niche for this company in a highly competitive industry which was dominated by huge companies. His dedication and his foresight made Shilpa Medicare Ltd, one of the leading suppliers of oncology pharmaceutical ingredients. His analytical vision and splendid knowledge of not only domestic but also international medicare market made this firm one of the biggest exporter of specialized medical ingredients and medicines. Meteoric rise of this company and success is hugely attributed to him.

3. Ajeet Singh Karan

Independent Director

Mr. Ajeet Singh Karan has more than 28 years of experience in building businesses across several industries in India. Prior to joining Private Equity he was the CEO of KAPL before selling it to SC Johnson – where he helped build the fastest growing FMCG Company in India and one of the most trusted brands “All Out” in the country. He played a key role in the operation of KAPL's Joint Venture with S.C.Johnson. Before joining KAPL, Ajeet had very successful stints with several multinationals including Hindustan Lever and Pepsico India.

Ajeet currently is a Partner with a leading private equity fund, mentoring and guiding the portfolio companies in scaling up. He sits on the boards of several companies in India and this gives him an unparalleled network and valuable insights into several industries operating in India. Ajeet holds an MBA degree from the Indian Institute of Management, Ahmedabad.

4. Carlton Pereira

Independent Director

Mr. Carlton is a co-founding partner of Tano Capital in India. Established in 2006, Tano is a Private Equity Fund Manager and currently manages two funds, aggregating US\$ 210 million. Prior to Tano, he was most recently the Managing Director and Partner in charge of Corporate Finance for KPMG in India, the Middle East and South Asia. Carlton had been an investment banker and a consultant advisor for 18 years in all, before Tano.

Carlton is a Bachelor of Commerce from the Bombay University and Fellow Member of the Institute of Chartered Accountants of India.

5. Pramod Badrinarayan Kasat

Independent Director

Mr. Pramod Kasat has served as a Director of Investment Banking and Global

Markets Solution Group at Credit Suisse, India. Mr. Kasat has extensive experience of 17 years of investment banking and corporate financing. He has worked on origination, structuring and execution of structured financing, Investment Banking Advisory, as well as Capital Markets transactions, in sectors such as Hospitality, Retail, Infrastructure, Telecom, Pharma, Real Estate, Logistics, etc. He has been an Independent Director of Shilpa Medicare Limited since March 16, 2010 and also served as its Director from January 27, 2006 to September 30, 2009. Mr. Kasat pursued his Engineering degree from BITS Pilani in 1991 and completed his MBA in Finance from Mumbai University in 1993.

6. Rajender Sunki Reddy

Independent Director

Mr. Rajender Sunki Reddy has been an Independent Director at Shilpa Medicare Limited since June 30, 2008. Mr. Reddy started his career as a lecturer of Rural College of Pharmacy, Devanahalli and served as its Principal. Under his stewardship, several institutions of Medical, Para-Medical, Dental, Pharmacy, Nursing, Physiotherapy and host of other institutions are equipped with modern facilities. He is a Member of several associations and is also a Syndicate Member of Rajiv Gandhi University of Health Sciences, Bangalore. He is a Post Graduate in Pharma.

7. N.P.S Shinh

Independent Director

Mr. Narinder Pal Shinh served as the Managing Director and Executive Director of Andhra Cements Limited until April 30, 2014. Mr. Shinh has mastered in the art of turning around the sick/loss making companies with his rich knowledge of the management. He served as Managing Director of Sanathnagar Enterprises Limited (formerly, Bakelite Hylam Ltd.) from August 27, 2006 to April 30, 2010.

Mr. Shinh served as the Chairman of National Standard (India) Ltd. and has been its Non-Executive Director since July 2002. He has been an Independent Director of Shilpa Medicare Limited since June 30, 2008. He served as a Director of Sanathnagar Enterprises Limited from August 27, 2003 to May 10, 2010. He was a Faculty of MBA in Delhi University. Mr. Shinh holds his graduation in Commerce and secured Law degree with distinction.

8. Namrata Bhutada

Non-Executive Director

Ms. Namrata Bhutada holds a Master of Business Administration in Finance and born in traditional business family, got exposed to good business administration skills and also got good exposure in various administrative matters of the Company since last three years.

9. Naresh Patwari

Non-Executive Director

Mr. Naresh Patwari, aged 40 years, is a Non-Executive Director of our Company. He holds a Degree of Bachelor's in Technology in Mechanical Engineering from Indian Institute of Technology, Kharagpur and a Degree of Master's in Business Administration from the Tuck School of Business at Dartmouth College, United States. He has been on our Board since December 26, 2016. Naresh Patwari is currently employed with TA Associates Advisory as a Director. He was previously employed with Schlumberger, McKinsey & Company and ICICI Venture.

PERFORMANCE OF THE COMPANY STANDALONE AT A GLANCE FOR 5 YEARS

(All figures are in Rupees in Lakhs except for EPS)

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Revenue [@]	53,622.14	57,085.55	68,693.18	75,778.22	76,726.13
Profit before Depreciation, Extraordinary Item & Taxes	12,317.41	14,198.12	17,230.94	19,973.15	20,026.24
Depreciation	2,109.20	1,908.50	2,119.03	2,665.52	3,277.70
PBT	10,208.20	11,901.64	14,869.96	16,853.47	16,748.54
Taxes*	2,122.52	3,483.53	3,583.69	4,108.65	3,424.65
PAT	8,085.68	8,409.77	11,286.26	12,744.82	13,323.89
Dividend (Inc. Dividend Tax)	451.03	508.85	555.12	578.63	686.86

PERFORMANCE PARAMETERS

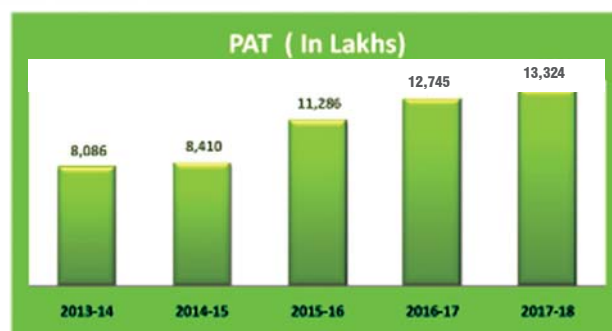
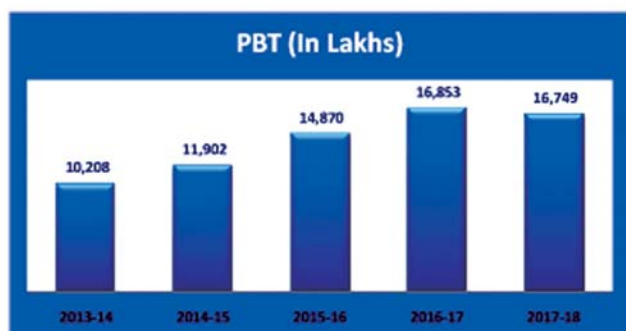
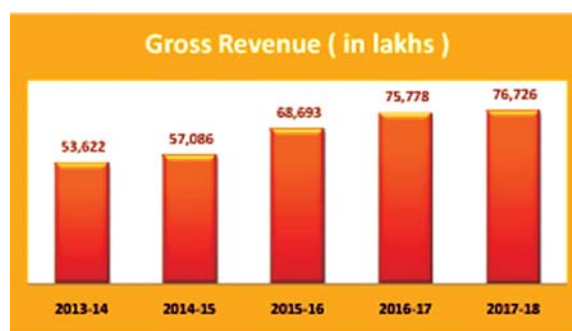
Net Fixed Assets	25,766.05	28,001.31	35,523.00	42,232.39	46,215.81
Share Capital	735.72	771.02	771.02	801.27	815.27 [§]
Reserves & Surplus	40,520.78	55,538.56	72,964.49	102,160.34	114,882.72
Net Worth (Net)	41,256.51	56,309.58	73,735.51	102,961.61	115,697.99
Returns on Net Worth (%)	19.59	14.93	15.30	12.36	11.52
Borrowings	8,007.76	8,705.14	8,617.64	23,705.26	18,586.14
Debt Equity Ratio (Gross)	0.19	0.15	0.11	0.23	0.16
Dividend (%)	50.00	55.00	60.00	60.00	70.00
Earning per share [#]	21.98	21.94	14.64	15.68	16.68

[@] Net of Excise Duty (2013-14, 2014-15)

*Includes Deferred Taxes.

[§]The increase in the share capital is attributed to the issue of equity shares to the Shareholders of erstwhile Narya Biologicals Pvt Ltd pursuant to scheme of Amalgamation.

[#]Equity shares of Rs 2/- each split to face value of Re 1/- each during the financial year 2015-16.



NOTICE

Notice is hereby given that the 31st Annual General Meeting of the Members of the Shilpa Medicare Limited will be held on **Monday the 17th day of September 2018 at 12.15 P.M** at the Registered Office of the Company at #12-6-214/A-1, Hyderabad Road, Raichur-584135 Karnataka, to transact the following items of business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2018, the Reports of the Board of Directors and Auditors thereon.**
2. **To confirm the Interim Dividend of Re.0.70 per share paid and declare the same as the dividend for the financial year 2017-18.**
3. **To appoint a Director in place of Mr. Omprakash Inani (DIN No: 01301385) who retires by rotation and being eligible, offers himself for re-appointment.**

SPECIAL BUSINESS:

4. **Ratification of Remuneration to Cost Auditors:**

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, payable to M/s V.J Talati & Co., Cost Accountants (Regd.No.M/2203), to audit the cost records maintained by the Company for the financial year ending March 31, 2019, be and is hereby approved and ratified.”

5. **Approval of Related Party Transactions:**

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 Regulation 23 of SEBI (LODR) Regulations, 2015 (as amended from time to time by the Securities and Exchange Board of India and for the time being in force) and Section 188 and other

applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution) for entering into transactions, contracts or arrangements on such terms and conditions as the Board may think proper and beneficial for the Company with all its subsidiaries, Joint Venture, Associate Companies and other relative parties of the Company, during every financial year commencing after March 31, 2018 up to Rs. 400 Crores per financial year, for a period of 3 years.”

“FURTHER RESOLVED THAT the Board be and is hereby authorized to negotiate and settle the terms and conditions of related party transactions and all other matters incidental thereto and to give such direction as considered necessary including delegating all or any of the powers herein conferred to any Committee of Directors, Managing Director, Director(s) and/or any officers of the Company, and authorize them to sign and execute all agreements, applications, contracts, deeds, and/or documents that may be required, on behalf of the Company and the Board hereby further authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental thereto without being required to seek any further consent or approval thereto, for the purpose of giving effect to this resolution.”

6. **Approval for giving loans to its Subsidiaries, Joint Ventures and Associate Companies.**

To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of section 185 of the Companies Act, 2013 read with Rules made thereunder, the consent of the members be and is hereby accorded to the Board of Directors to grant loan(s) or other financial assistance either directly or indirectly including loan represented as book debt or give any guarantee and/or provide any security for the loan made to INM Technologies Pvt Ltd, INM Nuvent Paints Pvt Ltd and Reva Medicare Pvt Ltd upto an amount not exceeding Rs. 35 Crores/- (all put together) subject to such terms and conditions, with or without any security

as the Board of Directors may deem fit in the interest of the company.”

“FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to finalize the terms of such loans, repayment and other conditions as they deem fit and proper in the best interest of the Company.”

By order of the Board of Directors
For **Shilpa Medicare Limited**

Sd/-

Madhusudhan Reddy
Company Secretary &
Compliance Officer
M.No. ACS-33355

Place : Raichur

Date : 13.08.2018

NOTES:

1. The Explanatory Statement in respect of the special business in the Notice, pursuant to Section 102 of the Companies Act, 2013 ('the Act') is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
3. Proxy forms in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting.
4. The Company has notified closure of Register of Members and Share Transfer Books **from 10.09.2018 to 17.09.2018 (both days inclusive)** for the Annual General Meeting.
5. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
6. A route map showing the directions to reach the venue of the 31st AGM is annexed hereto.
7. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
8. All the shareholders and beneficial owners who have not claimed the dividend for the years 2010-11 to 2016-17 are requested to submit their claims immediately to the Company/ STA for respective dividends. The dividends unclaimed for 7 years will be transferred to Investor Education and Protection Fund.
9. The annual accounts of the subsidiary companies and the related detailed information are available for inspection by any shareholder(s) at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.
10. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the Attendance slip duly filled in for attending AGM. Copies of Annual Report will not be provided at the AGM.
11. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agents and members holding shares in electronic form may obtain the Nomination form from their respective Depository Participants.
13. The notice of the 31st Annual General Meeting is available on the website of the Company www.vbshilpa.com and website of Agency i.e <https://evoting.karvy.com>.
14. Members holding Shares in physical form may write to the Company/Registrar & Share Transfer Agents (RTA) for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately.
15. Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013, the Company will transfer the unclaimed or un-encashed dividends of Rs. 1,31,460/- for financial year 2010-11 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend along with the respective shares to IEPF after the expiry of seven years from the date of transfer to unpaid dividend account. Members, who have a valid claim to any unclaimed dividends which are not yet transferred, may claim the same from the Company immediately.

Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013 read with IEPF Rules, the Company has transferred 1,80,582 shares whose details are placed in the website of the Company.
16. Registration of e-mail addresses for sending annual reports, communications, etc: Members are requested to register their e-mail addresses and changes therein from time to time with the Registrars and Share Transfer Agents (in case of physical shares) or with the concerned Depository Participant (in case of electronic holdings) so that the Company will use the same for sending notices, annual reports and other communications.

Copies of annual report 2017-18 are being sent under electronic mode only, to all the members whose e-mail addresses are registered with the Registrars and Share Transfer Agents of the Company i.e. Karvy Computershare Private Limited/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the annual report 2017-18 are being sent by a permitted mode.

17. That the Company is providing facility for voting by electronic means and the business may be transacted through such voting as mentioned down under;
18. **Process and manner for members opting for e-voting are as under:**

The Company is offering e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with M/s Karvy Computershare Private Limited for facilitating e-voting to enable the shareholders to cast their votes electronically pursuant to Rule 20 of Companies (Management and Administration) Rules, 2014. The instructions for e-voting are as under:

A. In case a member receives an email from Karvy Computershare Private Limited (Karvy):

- I. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- II. Enter the login credentials (i.e., User ID and password mentioned in your email/AGM Notice). Your Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

User ID:	For Members holding shares in Demat form:
	a. For NSDL: 8 character DP ID followed by 8 digit Client ID
	b. For CDSL: 16 digit Beneficiary ID/Client ID
	For Members holding shares in Physical form:
	Event No.(EVENT) followed by Folio No. registered with the Company.
Password:	Your unique password is printed on the AGM Notice/ provided in the email forwarding the electronic notice.

- III. After entering these details appropriately, Click on "LOGIN".
- IV. You will now reach password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9)

and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- V. You need to login again with the new credentials.
- VI. On successful login, the system will prompt you to select the "EVENT" i.e., Shilpa Medicare Limited.
- VII. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- VIII. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution.
- IX. Corporate/Institutional Members (i.e other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: cs@vbshilpa.com, with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVEN NO."
- B. In case of Members receiving AGM Notice by Post:**
 - I. User ID and initial password as provided in the AGM Notice Form.
 - II. Please follow all steps from Sr.No. (I) to (IX) as mentioned in (A) above, to cast your vote.
- C. The e-voting period commences on 14.09.2018 at 09.00 A.M and ends on 16.09.2018 at 05.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.**

- D.** Voting rights shall be reckoned on the paid up value of shares registered in the name of the member(s)/beneficial owner(s) (in case of electronic shareholding) as on the **cut-off date i.e. 10.09.2018**. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off date, i.e. 10.09.2018** will be entitled to avail the facility of remote e-voting/Insta Poll.
- E.** Once the vote on a resolution is cast by a member(s), the member(s) shall not be allowed to change it subsequently or cast the vote again.
19. That the facility for voting either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
 20. That the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
 21. Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or polling paper. If they are opting for e-voting, then they cannot vote physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.
 22. The Board of Directors have appointed Ajay Vemuri, Proprietor of M/s. VCAN & Associates, a Practicing Company Secretary as a Scrutinizer to process the e-voting and submit the report to the Chairman.
 23. Compliance Officer of the Company shall be responsible for addressing all the grievances of Shareholders in relation to this Annual General Meeting including e-voting. his contact details are **Email:cs@vbshilpa.com, Phone No: 08532-238704**.
 24. The members may download a copy of the notice of this meeting and the results declared along with the Scrutinizer's Report from the website of the Company (www.vbshilpa.com) or from <https://evoting.karvy.com>.
 25. Brief Profile of Directors seeking appointment and re-appointment at the 31st Annual General Meeting (pursuant to Regulation 26(4) and 36(3) of SEBI (LODR) Regulations, 2015) and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India is attached to this Notice as **Annexure-A**.

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

The following statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

Item No. 4.

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. VJ Talati & Co, Cost Accountants (Regd. No. M/2203), remuneration payable to them, for conducting the audit of the cost records of the Company for the financial year ended 31st March, 2019.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

The Board recommends the resolution set forth in Item No.4 for approval of the members.

Item No. 5.

The provisions of Section 188 of the Companies Act, 2013 read with rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. Regulation 23 of SEBI (LODR) Regulations, 2015 also prescribes seeking of shareholders' approval for material related party transactions.

As per said Regulations all transactions which are material in nature entered by the Company in its ordinary course of business though entered at arm's length basis, need the approval of shareholders.

The transactions relating to supply, sales and purchases of material to/with its all Subsidiaries, Joint Ventures, Associate Companies and other related parties will be in ordinary course of business and are continuous in nature and are not for a specific period. Terms and conditions will certainly be at arm's length basis. All factors relevant to the respective contracts will be with the prior approval of Audit Committee and the Board of Directors.

Pursuant to the provisions of SEBI (LODR) Regulations, 2015, the transactions are material in nature and require the approval of the shareholders of the Company by way of a resolution.

The members are further informed that no member(s) of the company being a related party or having any interest in the resolution as set out at Item No.5 shall be entitled to vote on this special resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

The Board recommends the resolution set forth in Item No.5 for approval of the members.

Item No.6

Statement setting out facts of resolution to be passed under section 185 of Companies Act 2013

Lender	Borrower	Type of relation involved	Amount granted under section 185	Security charged (if any)	Rate of Interest	Particulars of the loan granted	Purpose for granting loan
Shilpa Medicare Limited	INM Technologies Private Limited	Subsidiary	Rs.20 Crores	Nil	9% p.a.	N.A.	To meet its principle business objects
Shilpa Medicare Limited	INM Nuvent Paints Private Limited	Step down subsidiary	Rs. 10 Crores	Nil	9% p.a.	N.A.	To meet its principle business objects
Shilpa Medicare Limited	Reva Medicare Private Limited	Joint Venture Company	Rs 5 Crores	Nil	9% p.a.	N.A.	To meet its principle business objects

Your Company has been investing in various projects/ ventures either directly or through Associate/ Joint Venture Companies and Subsidiaries (which are not wholly owned) in collaboration with technocrats/ marketing pioneers. The Company sometimes needs to infuse funds immediately by way of loan or other debt for the said projects for the scheduled implementations. The Board of

Directors thought that it is responsibility of the parent company to provide funds in order to enable them to continue with their projects unhindered and become commercially viable and repay the loan to the parent company upon attaining self-sufficiency.

As per the provisions of section 185 (as amended) of the Companies Act, 2013 the Company may provide loan(s) to the Associate/ Joint Venture Companies and Subsidiaries (which are not wholly owned) with the approval of shareholders by way of special resolution. Considering the above requirement the above resolution has been proposed for the approval of shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

By order of the Board of Directors
For **Shilpa Medicare Limited**

Sd/-
Madhusudhan Reddy
Company Secretary &
Compliance Officer
M.No. ACS-33355

Place : Raichur

Date : 13.08.2018

ANNEXURE - A

Details of Directors as on March 31, 2018 seeking appointment/ re-appointment at the Annual General Meeting [Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Mr. Omprakash Inani
Date of Birth	15/12/1956
Date of Appointment	23/03/1988
Relationship with Directors	Related to Mr. Vishnukant C. Bhutada
Expertise in specific functional area	Being Chairman of the Company since its formation he gained good knowledge of all functional areas. He is one of the key persons in the management decisions, having very good experience in the field of business and functional aspects of the Company.
Qualification	B.Com
Board Membership of other companies as on 31 st March, 2018	Srinidhi Cottons Private Limited Jaijanaki Fabrics Private Limited Mohini Infra Private Limited INOK Cottons Private Limited
Chairman/ Member of the Committee of the Board of Directors as on 31 st March, 2018	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee Corporate Social Responsibility Committee
Chairman/Member of the Committee of Directors of other companies in which he is a director as on 31 st March, 2018.	
a) Audit Committee	Nil
b) Stakeholders' Relationship Committee	Nil
c) Nomination and Remunerations Committee	Nil
Number of shares held in the Company as on 31 st March, 2018	10,72,068

DIRECTOR'S REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting herewith the 31st Annual Report on the business of your Company together with the Audited Accounts for the financial year ended 31st March, 2018.

FINANCIAL SUMMARY

(Rupees in Lakhs)

PARTICULARS	Financial Year 2017-18		Financial Year 2016-17	
	Standalone	Consolidated	Standalone	Consolidated
Operating Revenue	74,394.60	79,153.39	73,789.90	78,381.25
Other Income	2,331.53	2,167.76	1,988.32	1,967.13
Profit before Interest, Depreciation & Tax after exceptional items	20,238.43	18,384.11	19,798.86	18,641.00
Interest	212.69	266.12	279.46	313.47
Depreciation	3,277.70	3,722.21	2,665.52	3,064.49
Net Profit Before Tax	16,748.51	14,395.78	16,853.48	15,263.04
Provision for taxation				
a. Current Tax	3,494.19	3,495.73	3,535.05	3,579.93
b. Less: MAT credit entitlement	(757.51)	(757.51)	(664.20)	(664.20)
c. Deferred tax	687.95	652.34	1,237.80	1,288.14
Profit after Tax	13,323.90	11,005.22	12,744.83	11,059.17
Share of Profit/(Loss) in Associate/Joint Venture	-	(719.03)	-	(613.81)
Share of profit (Loss) in Non-Controlling Interest	-	238.08	-	312.46
Other comprehensive income (Expenses) (Net of taxes)	108.29	109.55	(182.60)	(182.60)
Total Comprehensive income	13,432.19	10,633.74	12,562.23	10,575.23

REVIEW OF OPERATIONS:

During the year under review the Company reported standalone operating revenues of Rs. 74,394.60 lakhs as against Rs. 73,789.90 lakhs and Net Profit of Rs.13,323.90 lakhs as against Rs. 12,562.20 lakhs in the previous year.

Continuous focus of the management on new line of products, research & development and strategic expansion of production/ development facilities has been yielding good results in terms of high margins. Expansion of production facilities is as per schedule. Considering the fast developments in the pharma industry the Company has started focusing on development of new process and new products.

API FACILITIES

Shilpa Medicare has two API plants with world class state of art facilities at Raichur, supported by strong R&D team backed with IPM intellectuals and efficiently managed by competent operational team involving production, engineering, Quality Control, Quality Assurance & Regulatory Functions. The units are cGMP compliant and are approved by national & international regulatory bodies like USFDA, EU, Korean

FDA, Cofepris-Mexico, TPD-Canada, PMDA-Japan and TGA-Australia.

The company is having 19 multiple API Products and intermediates manufacturing blocks producing latest Oncology and handle in a highly précised isolators and taking care of persons, environment & non oncology drug substances.

The Company units are also certified by ISO9001-2015 for Quality systems, ISO14001-2015 for Environmental Management systems & OSHAS18001-2007 for Occupational Health & Safety Management systems. Also our R&D is certified by DSIR, Govt. of India.

The Company has developed novel and innovative technologies for the manufacture of the life saving Oncology and non-oncology drug substances, validated and commercialised the same and made available at an affordable prices. This strength provides us with tremendous opportunities to enhance competitiveness, to improve our position in the market place & find the new markets.

The Company has invested in containment technologies for manufacture of oncology drug substances and made our manufacturing process sustainable. The Company has

invested in latest available technologies like Bipolar system from Japan, first in India to manufacture one of our products there by reduced the water consumption by about 10 fold in that product.

In this process the company has invested in developing continuous flow processes for its products wherever suitable. The company supports its customers by a way of providing all the necessary data for complying with their regulatory. The organizational structure ensures sharp focus on accountability especially in areas such as quality and compliance standards. Our strengths provide us with tremendous opportunities to enhance competitiveness, to improve our position in the market place.

Accelerating access to affordable and innovative medicines is at the core of our work at Shilpa Medicare. The belief that Good Health needs of patients around the world and do all that it takes to fulfill them. Even as our medicines ensure good health for millions of people around the world every day, we are aware that there are millions more, in different countries, for which high quality, affordable medicines continue to be out of reach. Developing products where affordable alternatives exists or don't exist, working with all stakeholders in the healthcare systems across different countries to enable market access, manufacturing medicines of the highest quality in full adherence to the best global manufacturing practices, and ensuring their availability at all times through a robust, efficient and seamless supply chain.

Enabling and helping our clients to ensure that our APIs are available wherever and whenever they needed. Working with clients to help them to succeed. We have set clear goals and aspirations for our next set of milestones. In the medium term, building on proven results, we are having the power of our carefully developed product portfolio, relationships built over a long period and a diversified customer mix. Further, we have an optimized cost structure.

The technology involving complex chemistry and tough purification procedures to manufacture certain necessary drug substances for injectable and OSD products were transferred. Chemical processes were developed for quite a number of complicated drug substances, taking them to production stage on a commercial scale.

Every employee has been made aware that being safe and taking care of ourselves and each other are our highest priority. Our aim is to protect our employees against work related hazards. Employees in the manufacturing function are being trained to become safety champions. They are being trained to take ownership of production blocks.

RESEARCH AND DEVELOPMENT

Shilpa Medicare views its R&D capabilities as a vital component of its business strategy that will provide a sustainable, long-term competitive advantage. Shilpa Medicare is among the few Indian pharmaceutical companies in India to have started its research program in support of its global ambitions. The R&D environment reflects its commitment to be a leader in the

Oncology generics space. Our generics business helps to reduce drug costs for individuals and governments by bringing generic drugs to market as early as possible, and making them available to as many patients as possible. We supply pharmaceutical ingredients to pharmaceutical companies, which contributes to our goal of providing affordable medicine.

We will continue to promote affordability in significant ways and work to expand our product offering of generics, focusing on increasing access to products with significant barriers to entry. We will continue to look for new opportunities to take generics to more patients, in collaboration with other companies.

Our research and development centre offers space for the development of generics meeting international development standards, including difficult to make complex API processes, such as those for Oncology/non Oncology molecule.

Shilpa Medicare R&D Centre in Raichur/Vizag has shown good progress in terms of new projects taken for development and the projects which were successfully transferred to plant.

To enhance the further productivity of the existing molecule we have started new AFR technology to reduce the reaction time for the completion of reaction followed by conventional method for workup/crystallization of final molecule.

Almost 55 products (Oncology & non-Oncology) are currently running in development.

FINISHED DOSAGE FORMULATION FACILITY

Shilpa Medicare Limited – Finished Dosage Formulation Facility is a World Class GMP compliant Facility engaged in manufacturing of potent drugs- which includes liquid and lyophilized injectables in vials, sterile dry powder injectables in vials, oral solid dosage form (Tablets and hard gelatine capsules). The facility is designed for handling of potent Drug Products (including Oncology products or adjuvant therapies) for various regulatory markets in a highly contained manner. Facility is designed to handle potent molecules upto OEL 4 level of containment.

The facility is approved by various regulatory agencies including **USFDA, EUGMP, ANVISA & COFEPRIS**. This facility consists of Oral Solid Block with two commercial scale tablet manufacturing and one commercial scale capsule manufacturing line approved by USFDA. Three separate Injectable blocks consists of two liquid-lyophilisation commercial scale manufacturing lines approved by USFDA and 3rd Injectable combi-line for handling of liquid, lyophilized and Dry Powder Injectable under qualification.

Fully automatic packing area is under installation and commissioning. The packaging line is complying with Global **Track & Trace** (Serialization & Aggregation) regulations including Drug Supply Chain Security Act (DSCSA, USA) and Falsified Medicines Directive (FMD, Europe) by Strategizing, Planning and Managing Complex Serialization deployments.

CONTRACT MANUFACTURING

Shilpa Medicare Limited manufactures many products in several types of dosage forms such as tablets, capsules, liquid injection (Aseptically and terminally sterilized), Lyophilized Injectable, Sterile Dry powder injectables.

All products are manufactured under the same stringent quality Standards for export to USA, EU and RoW market.

FORMULATION R&D

Shilpa Medicare Limited Formulation Research and Development Centre is located near Vizianagaram District of Andhra Pradesh.

Formulation Research Centre is concentrating in developing generic equivalents and super generics to Reference Listed Drugs for Global Markets like USA, Europe and RoW for injectable and oral formulations used for the treatment of cancer and other indications like Multiple sclerosis, liver diseases, HIV, smoking cessation, Alopecia, Eye disorders etc...

The research centre also concentrates in the development of new formulations leading to reduced costing and enhanced stability of the drug products. Also the R&D works on converting the existing Lyophilized products to Ready to Use (RTU's) liquid. Also R&D concentrates on development of ready to fill powders for injectable administrations. The injectable department of R&D is developing the anticancer drugs in liquid injectable infusion bags.

The oral department of R&D is concentrated in developing the generic equivalents for Global Markets. The R&D team is concentrated in developing the products as Para IV and 505(b)2. R&D is concentrated in working on products to reduce drug product administrations.

Clinical department of R&D is concentrated in surveillance of safe use of the drugs manufactured by Shilpa Medicare. Clinical study monitoring. Evaluating the patient requirements and proposing the development strategy to product development.

R&D is working on development of products with target filing as First to File and Para IV filing to US FDA.

INTELLECTUAL PROPERTY MANAGEMENT (IPM)

Shilpa's success depends on the Company's ability in future to obtain patents, protect the proprietary information and operate without infringing on the intellectual property rights of other pharma companies. Shilpa's inability to obtain timely ANDA approval, thus missing out on early launch opportunities and litigation outcomes could affect product launch date.

Shilpa Medicare Limited Intellectual Property Management (IPM) team is responsible for building Shilpa's global generic product pipeline and 505(b)2 NDA pipeline as well as creating, managing and protecting its high value patent estate. Shilpa has a dedicated IPM Team which provides stage wise IP-clearances during product/process development activities and

also provides frequent updates and alerts on relevant IP (patent, trademark etc.) to R&D scientists for products/process and suggests remedial measures to deal with IP issues. Shilpa IPM team is involved in product selection activity to ensure that right products are selected for development.

Shilpa's IPM team continues to build its future pipeline of complex products with established robust portfolio selection process, providing early launch capabilities along with intellectual property advantages.

Shilpa's strengths, across various molecules including oral, Injectable and complex differentiated products lie in developing intellectual property in non-infringing processes and resolving complex chemistry challenges. In this process Shilpa develops dosage formulations and applies new technologies for better processes. The API Process development is focused for developing and transferring commercially viable, non-infringing and patentable novel API technologies. The development grid selection for API's is based difficult-to-make API molecules and novel polymorphic forms of certain API's for creating value addition.

Shilpa's IPM Team is involved in filing of the patent applications of newer processes/newer products in India, US & EU.

Highlights FY 17-18:

- In FY 17-18, the Company has filed two ANDAs with paragraph IV certification as First to File (FTF).
- In FY 17-18, Shilpa and its group companies have filed 34 patent applications taking the cumulative total to 247 patent applications in India and other countries. Shilpa received grants for 9 patents.

Future plan FY 18-19

- Shilpa has plans for filing 5 ANDAs with paragraph IV certification with US FDA, out of which two could be first-to-file ANDAs.
- Shilpa & its Partners has plans for filing of two 505(b)2 NDAs.
- Shilpa plans to file at least one NDA for its differentiated product.

REGULATORY FILINGS (API RAICHUR UNIT-1 & UNIT-2)

US DMFs

- 4 (Four) (Gemcitabine HCl (route-2), Ibrutinib, Teriflunomide, Pomalidomide)– and are with CA status available.
- 5 (Five) – (Busulfan, Irinotecan HCl, Oxaliplatin, Imatinib Mesylate and Zoledronic Acid) DMFs approved for scientific assessment in support of ANDA reviews.
- Cumulative USDMF filings: 30 Products.

EDQM

- 2 (Two) (Irinotecan HCl and Tranexamic Acid) DMFs Filed for grant of CEPs.
- 1 (One) CEP, Irinotecan HCl granted.
- Cumulative CEP's: 11 Products.

Europe DMFs Filed

- 6 (Six) Bortezomib, Bendamustine HCl, Pemetrexed Disodium, Melphalan HCl, Gemcitabine RTU, Clofarabine Filed through DCPs / NPs to support three MAHs for their MAAs.
- Cumulative EUDMF (DCP/CP procedures): 15 Products.

Regulatory Inspections and approvals

- During the year under review, the Company has received EIR from USFDA, for the inspection conducted during the period of November, 2017 for FDF manufacturing site, Jadcherla.
- During the year under review, two API facilities located at Raichur and FDF facility at Jadcherla inspected & approved by European authority from Austria (AGES) for GMP compliance.
- During the year under review, two API facilities located at Raichur, Karnataka, i.e. Unit-1: Deosugur Industrial Area, Deosugur, Raichur, Karnataka, India and Unit-2: Raichur Industrial Growth Centre, Chicksugur, Raichur, Karnataka, India, inspected by USFDA for PAI. EIR received.

REGULATORY FILINGS (UNIT-IV Jadcherla)

US ANDA's filed: 7 Products.

EU Dossiers filed: 7 Products

Cumulative ANDA's filings: 15 Products.

Cumulative clients ANDA's filings: 9 Products.

Cumulative EU dossier filings: 14 Products.

Europe Approvals

Imatinib 100 mg & 400 mg Film Coated Tablets (Czech Republic, Finland, Ireland, Netherlands, Sweden) Bortezomib 3.5 mg Powder for Solution for Injection (Germany, Ireland, Italy & Romania) Irinotecan 20 mg/ml concentrate for solution for infusion (Ireland, Malta, Netherlands, Romania & United Kingdom).

Regulatory Approvals: USFDA

During the assessment year FDF site was inspected by FDA and the EIR received.

BIOLOGICS SBU UNIT

Background –

The global prescription pharmaceutical market is estimated at \$811 Billion in 2018 and expected to grow at 6.5% for the

next 5 years. Of this, the generics market is estimated at \$90 billion and expected to grow at a similar rate. The above figures hide the new shifting reality – Biologics now constitute about 27% of prescription pharma sales, while biologics share within the top 100 drugs is ~50% – showcasing the effectiveness of these drugs, whose target markets are – oncology, Autoimmune disorders, hematology and diabetes.

Opportunity and drivers –

- Most biologics sales today are driven by 1st and 2nd generation biologics whose patents expire in the 2014 - 2024 window.
- All biologics today are injectables – an area which your company understands well and is well prepared to attack.
- Price erosion in this segment is not expected to be as high as the chemical generics due to complexities in developing and manufacturing of these products.
- Regulated markets, including the USA, that remain the main drivers for these products in terms of value - are gradually opening up to biosimilars. While automatic substitution is yet to be a reality for biosimilars today and is the single largest barrier to wide adoption of biosimilars, pressure from patient/activist groups in regulated markets, coupled with huge advances in analytical technologies and ever-increasing safety data from markets that have already taken to biosimilars add to the pressure on governments to come up with automatic substitution legislations in the regulated markets.
- BRICS markets present the largest volume growth opportunity for biosimilars since they have the largest patient populations, backed by growth in purchasing power over the last decade and half. Despite this, these markets remain price sensitive.
- Novel formulations and delivery devices will also help us differentiate ourselves from competitors in these markets.
- Genericized biologics (biosimilars) growth in the generics market is expected to parallel the growth of innovator biologics above, thus presenting the largest opportunity for growth over the next decade, with sales of biosimilars expected to hit \$20-23 billion by 2023-24 globally.

Our platform & delivery technologies, molecule selection, ability to select markets, partners will play a key role in our growth in this strategic area.

Where we are –

The amalgamation of Navya Biologicals Pvt Ltd with your company was completed in late November 2017 and now is your company's Biologics Division, based out of Hubli-Dharwad in Karnataka. This transaction has enabled your company to save about 5-7 years in development timelines for biosimilars. The company now has 13 biosimilars in its pipeline and is dominated by drugs catering to the autoimmune disorders and oncology

segments, with 7 of the top 10 biologics in its pipeline. The remaining are niche, high margin opportunities catering to high unmet clinical needs. The company has also filed 3 platform patents and is pursuing these in global markets.

The first biosimilar is poised to enter human clinical studies later this year. The innovator has a global market of \$8 billion pa for this molecule, while the biosimilar opportunity is at \$3-3.2 billion per annum. Three other molecules are ready to complete preclinical studies this year. Your company expects to commercialize its first biosimilar in 2019 in India, with the others following suit in 2020-21. We expect to be in a position of strength to penetrate the global window of opportunity for global biosimilars through strategic partnerships in the global markets, while opportunistically continuing to build our marketing channels in a few strategically important markets.

FORWARD INTEGRATION – SETUP OF BIOLOGICS MANUFACTURING UNIT IN DHARWAD –

Your company has taken steps to become a vertically integrated biopharmaceutical player, by acquiring 11 acres of industrial land in Belur industrial area, Dharwad and initiating set up a world class biologics manufacturing unit (including fill & finish), employing best in class manufacturing technologies, that reduce the footprint of the facility by about 40%, thereby reducing the capital and operational costs significantly. Phase 1 of the facility is expected to be commissioned in the first half of 2019 and will cater to global biologics markets.

The biologics unit is expected to emerge as the next growth driver for your company in the coming decade and look forward to an exciting future in biopharmaceuticals.

MANUFACTURING FACILITY - TRANSDERMAL PATCHES AND ORAL FILMS AT BANGALORE.

A transdermal patch is medicated adhesive patch that is placed on the skin to deliver a specific dose of medication through the skin and into the bloodstream. Transdermal patches have made their place in global market in past few decades as an alternative to conventional therapeutic for various disease indications. Transdermal patches are widely accepted among physicians and patients due to their non-invasive, pain free and easy administration. In recent years, the growth of transdermal patch market has increased and expected to increase significantly in coming years. Higher investments in research and development could be attributed to the success of transdermal patch market.

Similarly, the thin film drugs were recorded with high market acceptance due to its ease of application and high effectiveness. Moreover, developed economies such as the U.S. and countries in Europe recorded significant sale of thin film drugs. Thin film drugs achieve the desired therapeutic results. Therefore, they have gained attention in the market as a potential treatment option.

Looking to the market potential, we have planned to build a state of art manufacturing facility of Transdermal Patch and

Oral Films at Dobaspet, Bangalore.

The lay outs confirming to cGMP requirements is finalized along with Utility, Administration and canteen building. The equipment's are designed to cater both Transdermal Patch and Oral Film Products.

The plant construction work is already initiated and expected to be completed by end of year 2018. The High Quality critical equipment's required for the above formulations manufacturing are already ordered from known European vendors and are expected to be received at site between Jan to June'19. Capacities are planned looking to all markets in first phase. A space for future expansion is allocated for capacity increment. Site will be ready for qualification by September 2019.

CENTRALIZED RESEARCH AND DEVELOPMENT CENTRE AT BANGALORE

We have also planned to have a state of art Research and Development centre along with a pilot plant facility for potent and non-potent formulation. Layouts are under approval process and construction shall be initiated soon. This facility also will be ready by September 2019. Initial discussion initiated with Vendors for equipment finalization.

US BUSINESS PLAN

Shilpa Medicare Limited has been investing in infrastructure and R&D capabilities to develop, manufacture and submit regulatory applications to the USFDA for marketing approval. When approved these generic alternatives will offer patients a very much needed affordable option for their health care needs. The US market is very important to Shilpa Medicare Limited as it represents the largest pharmaceutical market in the world. It has been proven in many markets the use of generic alternatives which have gone through vigorous testing requirements save healthcare systems money while providing the same level of high quality, safety and effective medicines.

During the past year Shilpa received two product approvals for Azacitidine and Capecitabine. Those products are being commercialized by partners in the US.

Since Shilpa's roots are in developing API. The majority of the formulations coming from the company's R&D efforts utilize API from its own plants. This is important to US customers as it insures greater control over the production process and greatly enhances continuous supply chain capabilities. Shilpa develops and manufactures different dosage forms i.e., oral and injectable drugs in the Oncology therapeutic area along with other high potent drugs that require the level of complexity that Shilpa has built into its R&D and production capabilities.

The US market has seen tremendous consolidation of the customer base. The number of customers for retail based products has decreased as mergers and acquisitions has increased in the past years. Similar trends have been observed in the hospital or institutional segment where injectable drugs are the primary dosage form. Group purchasing organizations

for hospital/Institutional organizations have undergone similar consolidation. There are three GPO customers representing a majority of hospitals in the US. Oncology Clinics are another major customer group for Shilpa's products. They purchase products from specialized distributors. There are two main distributors with a handful of smaller ones addressing the clinic market.

In order to address this consolidated and diverse group of customers. Shilpa hired in January 2018 a seasoned Executive Mr. Adam Levitt as CEO (US Market). He has a diverse background in the generic pharmaceutical business. He is an experienced leader having worked for global and International generic companies. During his career, he has developed strategies, built multiple organizations while creating sustainable value in both retail and Institutional markets. He understands the resources required to build a local presence to support the company's business development, Regulatory and Marketing plans. Shilpa expects more products to be approved for the US market. The team in the US will be addressing local business needs around financial reporting, business development, managing relationships and preparing the company to operationalize and execute launch strategies for its pipeline. The vision for Shilpa's US business is to build a valuable and sizable specialty pharmaceutical business in the next 5 years capable of taking Shilpa to the next stage of its evolution. In order to accomplish, the US business will create valuable relationships with the different customer channels by offering them high quality, consistent supply of cost effective important medicines that will impact patients quality of life.

CHANGE IN NATURE OF BUSINESS:

During the year under review, there is no change in the nature of business carried out by your Company.

DIVIDEND:

During the financial year under review your Company declared and paid an interim dividend of Re. 0.70 per share and the Directors recommended the same as dividend for the FY 2017-18 keeping in view the fund requirements for the on-going expansion plans. An amount of Rs. 6,86,86,700/- (Rupees Six Crores Eighty Six Lakhs Eighty Six Thousand Seven Hundred only) inclusive of dividend distribution tax was absorbed towards the dividend for the F.Y 2017-18.

The Dividend Distribution Policy of the Company is set out as **Annexure-10** and the same is uploaded on the Company's website at <http://vbshilpa.com/Dividend-Distribution-Policy.html>.

SHARE CAPITAL

The paid up share capital of your Company increased by Rs. 13.99 lakhs to Rs. 815.26 lakhs due to allotment of 13,99,994 Equity Shares to Shareholders of erstwhile Navya Biologicals Private Limited pursuant to scheme of amalgamation of Navya Biologicals Private Limited with your Company.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with IEPF Rules, the Company has transferred 1,80,582 shares whose details are placed in the website of the Company.

TRANSFER TO RESERVES:

We propose to transfer Rs. 500 Lakhs to the general reserve. An amount of Rs. 12128.09 Lakhs is proposed to be retained in the surplus account.

MERGER OF M/s. NAVYA BIOLOGICALS PRIVATE LIMITED WITH THE COMPANY:

Pursuant to the order dated 24/11/2017 of Hon'ble National Company Law Tribunal, Bangalore Bench, the Navya Biologicals Private Limited has been merged with the Company w.e.f 01/04/2016 being the appointed date for merger.

DIRECTORS OR KEY MANAGERIAL PERSONNEL

Mr. Omprakash Inani (DIN No. 01301385), Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the period under review Chief Financial Officer (CFO) Mr. Rajendra Dugar has resigned from the services w.e.f 31/10/2017 and Mr. Sushil Bajaj has been appointed as CFO w.e.f 13/11/2017.

STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Independent Directors have submitted the declaration of independence, as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149(6) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDITORS

STATUTORY AUDITORS

M/s. Brahmayya & Co, Chartered Accountants, Registration No. 000513S, were appointed at the 30th Annual General Meeting as the Statutory Auditors of the Company for five years till the conclusion of the 35th Annual General Meeting of the Company. They have confirmed their eligibility for the FY 2018-19 under Section 141 of the Companies Act, 2013 and the Rules framed thereunder. The Companies Amendment Act, 2017 has omitted the requirement of ratification of the appointment of statutory auditors at every Annual General Meeting.

COST AUDITORS:

The Board has appointed M/s. V.J. Talati & Co., Cost Accountants for conducting the audit of cost records of the Company for various segments for the financial year 2018-19 as recommended by the Audit Committee. As required under

Section 148 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 a resolution is being placed at the ensuing AGM for ratification of remuneration payable to said Cost Auditors.

SECRETARIAL AUDITORS:

M/s. P.S. Rao & Associates, Practicing Company Secretaries were appointed to conduct the Secretarial Audit of the Company for the financial year 2017-18, as required under Section 204 of the Companies Act, 2013 and Rules there-under. The Secretarial Audit Report for Financial Year 2017-18 forms part of this Report as **Annexure - 8**.

The Board has appointed M/s. P.S. Rao & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for the financial year 2018-19.

COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMERS:

As there is no qualification, reservation or adverse remark in the reports made by the Auditors, your directors need not give their comments on that.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO:

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as **Annexure – 7**.

RISK MANAGEMENT POLICY:

Pursuant to Regulation 21 (4) of SEBI (LODR) Regulations, 2015, the Company has formulated a policy on the Risk Management. The Risk Management Policy of the Company is posted on the Company's website: www.vbshilpa.com. The Board formulated and implemented Risk Management Policy for the Company which identifies various elements of risks which in its opinion may threaten the existence of the Company and measures to contain and mitigate risks. Major risk to the Company apart from the general business risks related to pharmaceutical industry, is supplies at low cost countries like China and other unregulated suppliers.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the provisions of Section 129 (3) of the Companies Act, 2013, the Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, forms part of this Annual Report. A separate statement containing the salient features of the financial statements of Subsidiaries, Associates and Joint Ventures in **Form AOC-1**, is annexed herewith as **Annexure - 4**.

Further, the annual accounts of all the subsidiary companies shall be posted on Company's website – www.vbshilpa.com.

Annual accounts of the Subsidiary Companies and related detailed information will be available for inspection by the

members, at the registered office of the Company and will also be made available to the members upon request.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Various Audit Systems in the Company monitor and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the audit reports the units undertake corrective action in their respective areas and strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board periodically.

The Board of Directors of the Company have adopted various policies like Related Party Transactions policy, Whistle Blower Policy, Policy to determine material subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding 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.

SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

INM TECHNOLOGIES PRIVATE LIMITED

Nano-technology Division

INM Technologies Private Limited incorporated on 23rd January 2015 is subsidiary of Shilpa Medicare Ltd. The Company has a vision to serve the humanity using Nano technology products. Company drives with Strategic intent "Innovations for All Generations". INM Technologies profile mainly contains: High-tech know-how, competencies and expertise to meet industrial needs and strengthen industrial competitiveness in Asia, Europe, and USA. INM has expertise in the field of the Materials Engineering / Pharmaceutical Technology and service in advanced technology and product development with scale up process for the developed micro/nano materials. Based on our research activity and our experience in the chemical technology, materials science and engineering, pharmaceutical technology sectors, we develop and integrate nano structured materials in the products of our customers of various industrial sectors. INM has state-of-the-art facility for synthesis, characterization and analytical testing of nano technology based products, trained manpower for process design & monitoring and created 9 departments in the company involving major disciplines namely Biotechnology, Bio-Medical, Analytical and Pharmaceutical, Chemical, Polymer, Coatings, Electronics and Smart materials. After completion of 3 years of establishment i.e., by 2018 January, INM Technologies has received DSIR certification.

SHILPA THERAPEUTICS PVT. LTD. (STPL)

STPL situated at Cherlapally, IDA Phase-III, Hyderabad, India, a progressive novel drug delivery company with an international outlook is dedicated to the development and commercialization of innovative and patient compliant novel drug delivery systems such as fast disintegrating oral strips.

STPL is the first company to commercialize prescription products as oral thin strips/films in India.

Strong technical expertise to develop thin strips/films for oral/sub-lingual/buccal delivery

As a result of continued efforts in the research and product development, STPL had developed the most sought after novel drug delivery dosage form— orally disintegrating strip/film and obtained the manufacturing and marketing licenses for this dosage form in India and abroad.

The orally disintegrating formulation resembling a postage stamp in size and shape is a taste masked, fast dissolving, convenient and potentially effective dosage form.

Vertically integrated GMP facility from Research to Commercialization

STPL facility is capable of meeting the regular commercial supply demand from manufacturing to secondary packing with its compliance to meet the latest Schedule 'M', cGMP/WHO GMP compliant systems, procedures and practices.

Products available in the Domestic Market

STPL had obtained manufacturing and marketing license from the Drugs Control General (India), New Delhi for the following products and these products have also been launched in India by well-established national pharmaceutical companies.

Molecule	Category
Ondansetron Hydrochloride 2mg , 4mg & 8mg Orally Disintegrating Strips	For the prevention of chemotherapy induced nausea and vomiting (CINV)
Simethicone 62.5mg Orally Disintegrating Strips	Anti-Flatulent.
Sildenafil Citrate 25mg & 50mg Orally Disintegrating Strips	For the treatment of erectile dysfunction (ED)
Tadalafil 20mg & 10mg Orally Disintegrating Strips	For the treatment of erectile dysfunction (ED)
Methylcobalamin 1500mcg ODS	Treatment of various neuropathic conditions and vitamin deficiency
Montelukast 10 mg/5mg/4 mg ODS	Treatment of Prophylaxis and Chronic Asthma
Menthol Mouth Freshener ODS	Mouth Freshener

Products in the Pipeline

The following formulations are under various stages of Research & Product Development along with several others in the initiation phase.

Molecule	Category
Tadalafil 5mg ODS	For Treatment of Erectile Dysfunction
Vitamin D3 (Cholecalciferol) 2000IU ODS	Treatment of Vitamin deficiency
Montelukast 10 mg + Levocetirizine 5 mg ODS	Treatment of Allergic Rhinitis and Chronic Asthma
Hydroxyapatite 165 mg ODS	Treatment of Velopalatal (VP) insufficiency
Paracetamol 120 mg ODS	Analgesic and Antipyretic
Sildenafil 100 mg ODS	For Treatment of Erectile Dysfunction
Nicotine 1 mg/ 2 mg ODS	For Nicotine Replacement Therapy
Loratadine 5 mg/ 10 mg ODS	For Treatment of Severe Allergic Rhinitis

Patent granted on "Perforated water-soluble polymer based edible films"

Many other patents are under approval process.

Business Scope

STPL holds bright prospects for its business scope. ODS products of Shilpa Therapeutics have already been launched in India by prominent pharma companies viz., Mankind, Delvin, Alkem, Leads Pharma and Rx Drugs. Shilpa Therapeutics has also extended its business to the external markets with its ODS products launched in Kenya, Yemen, Honduras and many other countries to follow.

Registration process like dossier submission is under process in many countries like Francophone countries, Malaysia, Thailand, Myanmar and Cambodia etc.,

STPL with its technical expertise, manufacturing capabilities and its finished products at various stages of registration in several countries is poised to attain promising business results in the very near future.

KOANAA HEALTHCARE GmbH

Koanaa Healthcare GmbH was funded in July 2016 as 100% subsidiary of Shilpa Medicare Limited and Mr. R.K. Somani took over the responsibility as CEO. He is initiating, developing and guiding Koanaa Healthcare GmbH as a Start-Up company to a pharmaceutical company which is distributing and selling Shilpa's oncological portfolio in Europe.

Koanaa Healthcare GmbH will be positioned as “European Player” with Austrian basis with low prices and high service in the field of oncology with the brand “Austrian Quality”. The products will prove highest standards and quality and Koanaa Healthcare GmbH will stand for Deliverability and Service for Patients and Physicians.

Koanaa Healthcare GmbH will act as a regulatory hub here in Austria and is currently focused on getting commercial cooperation's with other pharmaceutical companies. First cooperation with Amring is already achieved and intensive discussions to expand the existing partnership are ongoing. Further discussions with other potential partners are in discussion and business development activities will broaden the number of partnerships.

With an appropriate regulatory strategy, step by step more oncological products will be part of Koanaa Healthcare GmbH's portfolio.

The vision of Koanaa Healthcare GmbH is to develop as a successful and reliable partner within the pharmaceutical domain.

LOBA FEINCHEMIE GmbH

Dr. Walter Erber took over the responsibility as CEO/ Managing director for LOBA Feinchemie GmbH from May 2016 and is leading and guiding and developing the company. With the strategic vision, to achieve sales of 10 million Euro within the next 5 years, an euphoric and challenging strategic goal is set for Loba Feinchemie GmbH.

Main strategy of Loba Feinchemie GmbH is to enhance the focus on business development and sales & marketing within the next business years to support sales- and profit growth.

In the budget year 2017/2018, beside intensive business activities, main challenge was to increase the level of GMP in all areas, which was successfully achieved. Two main products showed unexpected reduction in sales, which only partly could be compensated with other products. Nonetheless sales forecast for the next years will show positive development. In the years 2018/2019 and onwards the sales will further increase and allow Loba Feinchemie GmbH to proceed with the expansion strategy in terms of production and in terms of human resources as well as to start with necessary investments in the facility.

Loba philosophy is to be a global company offering its customer a unique product by providing them a choice of operational excellence and best services with cost efficiencies. The mission is to add value to our customers by offering excellent products through continuous innovation and delivering the promises to the customers.

REVA MEDICARE PRIVATE LTD

The organization operations have commenced, and it has expanded as per its vision set-up. The key verticals are:

DOSAGE FORM:

As per strategy we have positioned in Emerging Markets by formalizing a consortium (Manufacturing Cos) backing Reva. We have secured the registration approvals in a key market and are hopeful to service both Tender (Public) & Private Trade. The license to export will be under Reva Pharma.

We have adopted module of licensing (Licence In & License Out) for Large Generic & Innovator Cos'. The 1st license out has been completed for the market of Europe (Medical Device – Women Health Care). We are evaluating positioning of the product across Middle East & CEE markets and are optimistic to close in year 2018-19.

RAICHEM MEDICARE PRIVATE LIMITED

The Company has entered into Share Purchase agreement with joint partner ICE SPA Italy to dispose off its entire stake in the Company to the joint partner ICE SPA Italy. According to the terms of agreements, the Company has so far disposed off 24% stake in the Company for which the Consideration has already been received. The Company is in the process of disposing the remaining 26% with prior approval of Reserve Bank of India.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

A report on CSR Activities as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed herewith as **Annexure – 3**.

CSR Policy of the Company and other details as required is placed on the Company's website at <http://vbshilpa.com/CSRPolicy.pdf>.

NOMINATION AND REMUNERATION POLICY

A committee of the Board named as “Nomination and Remuneration Committee” has been constituted to comply with the provisions of section 178, Schedule IV of the Companies Act and Regulation 19 of SEBI (LODR) Regulations, 2015. It has been entrusted with the task to recommend a policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters and to frame proper systems for identification, appointment of Directors & KMPs, Payment of Remuneration to them and Evaluation of their performance and to recommend the same to the Board from time to time.

Nomination and Remuneration Policy of the Company is placed on the Company's website at <http://vbshilpa.com/pdf/NominationRemunerationPolicy.pdf>.

FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS.

As required under the provisions of Section 134 of the Companies Act, 2013 read with Rule 4 of Companies (accounts)

Rules, 2014 the performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the director being evaluated. The Company has put in place a mechanism for evaluation of its own performance, its Committees and Independent Directors. The evaluation of Board, Committees and Directors was conducted based on the evaluation of parameters such as Board composition, structure, effectiveness of Board, participation at meetings, domain knowledge and governance adherence.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors confirm that:

- i. In preparation of annual accounts for the financial year ended 31st March, 2018 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2018 and of the profit and loss of the Company for the year;
- iii. The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a 'going concern' basis;
- v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 is placed at website of the Company at <http://www.vbshilpa.com/annualreturn.html> and **Annexure-A** of this Directors Report.

OTHER DISCLOSURES:

Board Meetings

During the year under review, 6 (Six) Board Meetings were held during the year. For further details, please refer Corporate Governance Report which forms part of this Annual Report.

Committees of Board

Your company has the following committees namely:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee and
4. Corporate Social Responsibility Committee

The constitutions of all the committees are as per the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The details of the Constitution are mentioned in Corporate Governance Report, which forms part of this Annual Report.

Corporate Governance Report

Regulation 15 of SEBI (LODR) Regulations, 2015 is applicable to your Company, as such the details as specified in Schedule V(C) of SEBI (LODR) Regulations, 2015, with regard to Corporate Governance Report including Auditor's Certificate on compliance with the code of Corporate Governance specified in Schedule V(E) of SEBI (LODR) Regulations, 2015 forms part of this Annual report.

Management Discussion and Analysis

The Management discussion and analysis Report for the year under review as stipulated under Regulation 34 SEBI (LODR) regulations, 2015 is annexed here to and forms part of this Annual Report.

Vigil Mechanism:

In pursuance to the provisions of section 117(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, a Vigil Mechanism for Directors and employees to report genuine concerns has been established. Protected disclosures can be made by a whistle blower through to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: http://vbshilpa.com/pdf/Whistle_Blower_Policy.pdf

Remuneration ratio of the Directors/Key Managerial Personnel/Employees:

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure – 1**.

Particulars of Employees:

Statement of employees employed throughout the financial year and in receipt of remuneration of Rs. 1,02,00,000/- (Rupees One Crores Two Lakh) or more, or employed for part of the year and in receipt of Rs. 8,50,000/- (Rupees Eight Lakh Fifty Thousand) or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as **Annexure – 2**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of the Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the notes to the financial statements pertaining to the year under review.

DEPOSITS

Your Company has not accepted any fixed deposits under chapter V of the Companies Act, 2013 and as such no principal or interest was outstanding.

RELATED PARTY TRANSACTIONS:

Related Party Transactions entered during the financial year under review are disclosed in **Note No. 45** of the Financial Statements. These transactions entered were at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. **Form AOC-2**, containing the note on the aforesaid related party transactions is enclosed herewith as **Annexure - 5**.

Related Party Disclosure as per Schedule V of SEBI (LODR) Regulations, 2015 is enclosed herewith as **Annexure - 6**.

The policy on materiality of Related Party Transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's at website http://vbshilpa.com/pdf/related_party_policy.pdf

BUSINESS RESPONSIBILITY REPORT:

Pursuant to Clause 34(2)(f) of the SEBI (LODR) Regulations, 2015, Business Responsibility Report, is applicable to the Company, the same forms part of the Board Report as **Annexure - 9**.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT.

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. Neither the Managing Director nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. No frauds were reported by the auditors during the year under review

Your Directors further states that during the year under review, there were no cases filed/registered pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Directors further states that in accordance with the provisions of section 148 (1) of the Companies Act, 2013 read rules thereunder, the company has maintained cost accounts and records for the financial year 2017-18.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude to the Central and State Governments, investors, analysts, financial institutions, banks, business associates and customers, the medical profession, distributors and suppliers for their whole-hearted support. Your Directors commend all the employees of your Company for their continued dedication, significant contributions, hard work and commitment.

For and on behalf of the Board of Directors

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Place: Raichur

Date: 13.08.2018

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31-03-2018

[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:

CIN	L85110KA1987PLC008739
Registration Date	20-11-1987
Name of the Company	SHILPA MEDICARE LIMITED
Category/Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
Address of the Registered office and contact details	# 12-6-214/A1, Hyderabad Road, Raichur, Karnataka - 584 135 Phone: 08532-238704; Fax: 08532-238876 E-mail:cs@vbshilpa.com; Website: www.vbshilpa.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer	M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Phone: 040-67161500; Fax: 040-23001153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company

S.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	3a 7b Dihydroxy	304.2	31.07

III. PARTICULARS OF HOLDING OF SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

S. No.	Name and Address of The company	CIN/GLN	Holding/Subsidiary/ Joint Ventures/Associate	% of shares held	Applicable Section
1.	Raichem Medicare Private Limited Plot No 24,25,26 & 26p, Raichur Industrial Growth Centre, Chicksugur Village, Karnataka- 584134.	U24232KA2009PTC049999	Joint Venture	Equity Shares 50.001% Preference Shares 100%	2(6)
2.	Shilpa Therapeutics Private Limited (Formerly known as Nu Therapeutics Private Limited) Plot No.118, Phase-III, IDA, Cherlapalli, Hyderabad, Telangana- 500051	U24239TG2004PTC043005	Subsidiary Company	Equity Shares 100% Preference Shares 100%	2(87) (ii)

S. No.	Name and Address of The company	CIN/GLN	Holding/Subsidiary/ Joint Ventures/Associate	% of shares held	Applicable Section
3.	INM Technologies Private Limited # 4, T M Industrial Estate, 12th KM, Mysore Road, Bangalore, Karnataka-560059	U73100KA2015PTC078494	Subsidiary Company	Equity Shares 75.00% Preference Shares 100%	2(87) (ii)
4.	Reva Medicare Private Limited #12-6-214/A1, Hyderabad Road, Raichur, Karnataka-585135	U24248KA2016PTC086047	Joint Venture	Equity Shares 50.01%	2(6)
5.	Zatortia Holdings Limited 70 Kennedy Ave., Papavassiliou Bldg, 4th Floor, 1076 Nicosia, Cyprus	Not Applicable	Wholly owned Subsidiary	100%	2(87) (ii)
6.	Makindus INC, USA 206 Avondale Drive, North Wales, Pennsylvania 19454	Not Applicable	Subsidiary Company	55.78%	2(87) (ii)
7.	Koanaa Healthcare Limited 4th Floor, Cavendish House, 369 Burnt Oak Broadway, Edgware, Middlesex, England HA8 5AW, UK	Not Applicable	Wholly owned Subsidiary	100%	2(87) (ii)
8.	Loba Feinchemie GmbH Fehrgasse 7, 2401-Fischamend, Austria.	Not Applicable	Step-Down Subsidiary	99.99%	2(87) (ii)
9.	Reva Pharmachem Private Limited #12-6-214/A1, Hyderabad Road, Raichur-584135.	U24232KA2009PTC051596	Associate Company	Equity Shares 33.33%	2(6)
10.	Maia Pharmaceuticals Inc, USA 707 State Rd #104, Princeton, New Jersey 08540, USA	Not Applicable	Associate Company	34.792%	2(6)
11.	Koanaa Healthcare GmbH Fehrgasse 7, 2401 Fischamend, Austria	Not Applicable	Wholly owned Subsidiary	100%	2(87) (ii)
12.	INM Nuvent Paints Private Limited 4, TM Industrial Estate, 12th KM, Mysore Road, Bangalore-560059	U24110KA2018PTC110829	Step-Down Subsidiary	75%	2(87) (ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	43864092	-	43864092	54.74	43864092	-	43864092	53.80	-0.94
Sub-total (A)(1):-	43864092	-	43864092	54.74	43864092	-	43864092	53.80	-0.94
(2) Foreign									
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	43864092	-	43864092	54.74	43864092	-	43864092	53.8	-0.94
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	47391	-	47391	0.06	79469	-	79469	0.10	0.04
b) Banks / FI	32073	1500	33573	0.04	8769	1500	10269	0.01	-0.03
c) Central Govt	-	-	-	-					
d) State Govt(s)	-	-	-	-					
e) Venture Capital Funds	-	-	-	-					
f) Insurance Companies	-	-	-	-					
g) FIIs/FPIs	14815287	-	14815287	18.49	15330387	-	15330387	18.80	0.31
h) Foreign Venture Capital Funds									
Beneficial Holdings under MGT-4	-	-	-	-	1371	-	1371	0.00	-
i) Others (specify) - EC.B	6000000	-	6000000	7.49	6000000	-	6000000	7.36	-0.13
Sub-total (B)(1):-	20894751	1500	20896251	26.08	21419996	1500	21421496	26.27	0.19
2. Non-Institutions									
a) Bodies Corp.	4386868	4500	4391368	5.48	4593132	-	4593132	5.63	0.15
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1/2 lakh	7735828	802040	8537868	10.66	7317580	570540	7888120	9.68	-0.98
ii) Individual shareholders holding nominal share capital in excess of Rs 1/2 lakh					-	1399994	1399994	1.72	1.72
c) NBFC registered with RBI	87800	-	87800	0.11	110333	-	110333	0.14	0.03

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
d) Others									
- Directors	159162	-	159162	0.20	134162	-	134162	0.16	-0.04
- Trust	1750	-	1750	0.00	1500	-	1500	0.00	-
- IEPF	-	-	-	-	180582	-	180582	0.22	-
- Non -resident Indians	1968118	37500	2005618	2.50	249204	-	249204	0.31	-2.19
- Non -resident Indians Non- Repatriable	103475	-	103475	0.13	1619374	-	1619374	1.99	1.86
- Clearing members	74917	-	74917	0.09	60075	-	60075	0.07	-0.02
Foreign Nationals	4603	-	4603	0.01	4834	-	4834	0.01	-
Sub-total (B)(2):-	14522521	844040	15366561	19.18	14270776	1970534	16241310	19.93	0.75
Total Public Shareholding (B)=(B)(1)+(B)(2)	35417272	845540	36262812	45.26	35690772	1972034	37662806	46.20	0.94
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	79281364	845540	80126904	100	79554864	1972034	81526898	100	-

(ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Vishnukant C. Bhutada	8086012	10.09	1.33	8086012	9.92	2.14	-0.17
2	Dharmavati Bhutada	6207796	7.75	0	6207796	7.61	0	-0.13
3	Kamal Kishore Inani	4823828	6.02	0	4823828	5.92	0	-0.10
4	Nathmal Inani	1173412	1.46	0	673412	0.83	0	-0.64
5	Manjulata Inani	2257546	2.82	0	2257546	2.77	0	-0.05
6	Omprakash Inani	1072068	1.34	0.5	1072068	1.31	0.62	-0.02
7	Kantadevi Inani	6455736	8.06	0	6455736	7.92	0	-0.14
8	Brijgopal Inani	2174866	2.71	0.25	2174866	2.67	0.31	-0.05
9	Keshav Bhutada	1042924	1.30	0	1042924	1.28	0	-0.02
10	Ravi Kumar Inani	1106370	1.38	0	1106370	1.36	0	-0.02
11	Vishnukant C Bhutada (HUF)	1336130	1.67	0	1336130	1.64	0	-0.03
12	Shakuntalabai Inani	3329186	4.15	0	3329186	4.08	0	-0.07

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
13	Madhav Bhutada	1236674	1.54	0	1236674	1.52	0	-0.03
14	Ramakant Inani	1047778	1.31	0.55	1547778	1.90	1.21	0.59
15	Deepak Kumar Inani	1733960	2.16	0.3	1733960	2.13	0.99	-0.04
16	Triveni Inani	294810	0.37	0	294810	0.36	0	-0.01
17	Vishnukanta Inani	212498	0.27	0	212498	0.26	0	0.00
18	Taradevi Inani	249998	0.31	0	249998	0.31	0	-0.01
19	Namrata Bhutada	22500	0.03	0	22500	0.03	0	0.00
		43864092	54.74	2.93	43864092	53.80	5.27	-0.94

(iii) Change in Promoter Shareholdings.

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	RAMAKANT INANI At the beginning of the year Acquisition/Transfer by way of gift At the end of the year	1047778	1.31	500000 1547778	0.61 1.90
2	NATHMAL INANI At the beginning of the year Sale/Transfer by way of gift At the end of the year	1173412	1.46	(500000) 673412	(0.61) 0.83

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31.03.2018.

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	TANO MAURITIUS INDIA FVCI II At the beginning of the year At the end of the year	6179506	7.72	6179506	7.58
2	BARING INDIA PRIVATE EQUITY FUND III LIMITED At the beginning of the year At the end of the year	6000000	7.49	6000000	7.36

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	PIVOTAL ENTERPRISES PVT. LTD. At the beginning of the year At the end of the year	322500	4.02	322500	3.96
4	TA FII INVESTORS LIMITED At the beginning of the year At the end of the year	3025000	3.78	3025000	3.71
5	BARCLAYS MERCHANT BANK (SINGAPORE) LTD. At the beginning of the year At the end of the year	1613450	2.01	1613450	1.98
6	AMAL N PARIKH At the beginning of the year At the end of the year	540000	1.93	1515578	1.86
7	MOUSSEGANESH LIMITED At the beginning of the year At the end of the year	1157921	1.45	1157921	1.42
8	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED At the beginning of the year At the end of the year	1107424	1.39	1107424	1.36
9	CLSA GLOBAL MARKETS PTE. LTD. At the beginning of the year At the end of the year	959828	1.20	959828	1.18
10	VINAY KONAJE At the beginning of the year At the end of the year	-	-	489768	0.60

(v) Shareholding of Directors and Key Managerial Personnel:

S. No	Name of the director/ key managerial personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	VISHNUKANT C. BHUTADA At the end of the year	8086012	10.10	8086012	9.92
2	OMPRAKASH INANI At the beginning of the year At the end of the year	1072068	1.34	1072068	1.32
3	NAMRATA BHUTADA At the beginning of the year At the end of the year	22500	0.03	22500	0.03
4	NARINDER PAL SHINH At the beginning of the year At the end of the year	14192	0.02	14192	0.02

S. No	Name of the director/ key managerial personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	CARLTON FELIX PEREIRA At the beginning of the year At the end of the year	1470	0.01	1470	0.01
6	PRAMOD KASAT At the beginning of the year At the end of the year	93000	0.12	93000	0.12
7	RAJENDER SUNKI REDDY At the beginning of the year At the end of the year	25500	0.04	25500	0.04
8	MADHUSUDHAN REDDY At the beginning of the year At the end of the year	10	--	303	0.00

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	23705.26			23705.26
ii) Interest due but not paid	Nil			Nil
iii) Interest accrued but not due	63.24			63.24
Total (i+ii+iii)	23768.5	-	-	23768.5
Change in Indebtedness during the financial year				
• Addition	13.29	-	-	13.29
• Reduction	5119.12	-	-	5119.12
Net Change	(5105.85)			(5105.85)
Indebtedness at the end of the financial year				
i) Principal Amount	18586.14	-	-	18586.14
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	76.53	-	-	76.53
Total (i+ii+iii)	18662.67	-	-	18662.67

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs.in Lacs)

S. No	Particulars of Remuneration	Name of MD	Total Amount
1.	Gross salary	Mr. Vishnukant Bhutada	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		155.10
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961.		- 0.39
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit (Before Tax)		650.00
5.	Others, please specify		-
	Total (A)		805.49
	Ceiling as per the Act		5% of Net Profit

B. Remuneration to other Directors:

(Rs.in Lacs)

S. No	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors		
	• Fee for attending board meetings	1. Carlton Pereira	0.40
		2. N.P.S.Shinh	0.30
		3. Ajeet Karan Singh	0.40
		4. Pramod Kasat	0.40
		5. Rajender Sunki Reddy	0.10
	Total (1)		1.70
2.	Other Non-Executive Directors		
	• Fee for attending board meetings	1. Omprakash Inani	0.40
		2. Namrata Bhutada	0.30
		3. Naresh Patwari	-
	Total (2)		0.70
	Total (B)=(1+2)		2.40
	Total Managerial Remuneration		-
	Overall Ceiling as per the Act	With in the Ceiling Limits as prescribed under the Act	

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. in Lacs)

S. No.	Particulars of Remuneration	CFO		CS	Total Amount
		Rajendra Dugar (from 01.04.2017 to 31.10.2017)	Sushil Bajaj (From 13.11.2017 to 31.03.2018)	Madhusudhan Reddy	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961. (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	22.54	17.58	5.45	45.57
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	22.54	17.58	5.45	45.57

VII. PENALTIES/PUNISHMEN/COMPOUNDING OF OFFENCES:

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty					
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT			NIL		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place : Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18.
- ii) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S. No.	Name of Director/KMP and Designation	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	The Percentage increase in remuneration of each Director, CFO, CS, CEO in the financial year	Average percentage increase in the salaries of employees in comparison of increase in managerial remuneration
1.	Vishnukant C. Bhutada	207	-	15.50
2.	Sushil Bajaj*	-	-	15.50
3	Madhusudhan Reddy	-	6.67	8.83

* Mr. Sushil Bajaj, CFO appointed w.e.f. 13.11.2017.

- iii) The median remuneration of employees of the Company during the financial year was Rs. 3.89 lakhs.
- iv) In the financial year, there was an increase of 17.21% in the median remuneration of employees;
- v) There were 1615 permanent employees on the rolls of Company as on March 31, 2018;
- vi) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 is 15.50% whereas the increase in the managerial remuneration for the same financial year is 2.04%.
- vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors

Place: Raichur
Date: 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014

S. No.	Employee Name	Designation	Educational Qualification	Age	Experience	Date of Joining	Gross Remuneration Paid (Rs. In Lacs)	Previous Employment and Designation, If any	No. Shares held, If any	Remarks
1	Vishnukant C Bhutada	Managing Director	B.Pharma	53 years	29 years	Nov - 1987	805.49	–	8086012	Related to other Promoter Directors
2	V.K Shrawat	Chief Operating Officer	M.Sc, Ph.D (Organic Chemistry)	58 years	32 years	Sep– 2009	170.60	Fresemious Kabi Oncology Ltd (Formerly Dabur India Head) Head R&D & API operation – 20 years.	33376	Not related to any Director/ KMP
3	Vinay Konaje	Business Head - Biologics	B.E.	44 years	27 years	Jan- 2018	132.61	Founder & Director of erstwhile Navya Biologicals Pvt Ltd.	489768	Not related to other Promoter Directors
4	Rajyashri Karur Ramakrishnan	Chief Scientific Officer- Biologics	Ph.D	54 years	23 years	Jan- 2018	132.61		489768	Not related to any Director/ KMP
5	Janak Kastia	GM-Mktg, Business Development (USA & Global Generic Cos)	M.Sc (Organic Chemistry) MBA Marketing	56 years	31 years	April - 2010	112.65	Cadila Health Care Ltd. – GM API Division (Europe & Latin America) – 24 Years.	Nil	Not related to any Director/ KMP
6	Prashant Purohit	Vice President R&D	M.Sc.,DBM	63 years	34 years	Oct - 1995	86.40	Indoco Remedies Ltd, Chemical Operations Manager	30000	Not related to any Director/ KMP
7	Seshachalam Unnam	Vice President	M.Sc., Ph.D	52 years	23 years	Jan - 2008	81.24	Matrix Labs, Hyderabad, AGM- QA	700	Not related to any Director/ KMP
8	Sunil Subhash Karpe	Asst Vice President- Project & Production	B.Pharma	42 years	22 years	April - 2011	80.00	Hetero Pharma, SEZ Jadcherla-Sr. Prod Manager	267	Not related to any Director/ KMP
9	Sharath Reddy	Vice President- Technical	M.Pharma	51 years	28 years	June - 1991	79.58	–	27040	Not related to any Director/ KMP
10	Adam Levitt ⁵	CEO - US Formulations	MAS, Business Management & BS, Pharmacy	61 years	21 years	Jan- 2018	61.14	Teva Pharmaceuticals, INC	-	Not related to any Director/ KMP

⁵Adam Levitt is appointed w.e.f January 2018.

For and on behalf of the Board of Directors

Place: Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

REPORT ON CSR ACTIVITIES

1. **Brief Outline of the policy:** The Company has been conscious of its CSR obligations and the fulfilment of the same. It has been undertaking and implementing CSR activities by a charitable trust called Shilpa Foundation to provide financial assistance to the poor and needy and to give donations to promote various social, cultural and philanthropic activities. Now in view of the latest provisions made in the Companies Act, 2013, the Company is committed to carry out CSR activities/programmes more vigorously, in an integrated, planned and time bound manner. CSR Policy of the Company can be viewed at <http://www.vbshilpa.com/policies.html>. The core theme of CSR Policy is giving back to the society from which it draws its resources. This manifests as stated below.

- Setting up of old age/ orphans home and such other facilities;
- To promote education among rural youth by providing infrastructure facilities, training programs and awareness programs;
- To provide purified drinking water to people living in the villages and areas surrounding its manufacturing facilities;
- To develop villages nearby the Company's plants by providing funds to have minimum infrastructure facilities like roads, water supply etc;
- To provide plants and develop agroforestry in consultation with local NGO's/bodies to ensure ecological balance
- To spend on welfare and protection of animals.
- To provide medical facilities to people below poverty level.

2. **Composition of Committee:** A Board Committee has been constituted as CSR Committee that provides oversight of CSR policy executed to ensure that the CSR objectives of the Company are met. Our CSR Committee comprises:

Mr. Rajender Sunki Reddy	Chairman
Mr. Vishnukant C Bhutada	Member
Mr. Omprakash Inani	Member

3. Average Net Profits: Rs. 14697.30 Lacs
4. Prescribed CSR Expenditure: 2% of Average Profits i.e. 293.91 Lacs
5. Details of CSR amount spent during the financial year:
- Amount unspent: Rs. 293.91 Lacs

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount out-lay (budget) project or programwise	Amount spent on the projects or programs sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through Implementing Agency
01	CSR amount of Rs. 293.91 Lacs has been paid to the Shilpa Foundation, a charitable trust formed for the purpose of taking up CSR Activities.						

6. Based on the various expenditure prescribed in schedule -VII of Companies Act -2013 the CSR Committee proposed to take-up certain activities and earmarked the amount. As the amount earmarked is not sufficient to kick start the projects, the Committee and the Board of Directors, have set-aside the amount has been transferred to the Shilpa Foundation, a Charitable Trust formed for the purpose of taking up CSR activities.
7. **Responsibility Statement:** The Committee reports that implementation and monitoring CSR Policy, is in compliance with CSR objective and Policy of the Company.

For and on behalf of the Board of Directors

Sd/-

Vishnukant C Bhutada

Member

DIN: 01243391

Sd/-

Rajender Sunki Reddy

Chairman

DIN: 02284057

Place : Raichur

Date : 13.08.2018

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries/Associate Companies/Joint Ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in lacs.)

Particulars	Wholly Owned	Subsidiary	Subsidiary	Wholly Owned Subsidiary	Step-down Subsidiary	Subsidiary	Subsidiary	Step-down Subsidiary
Name of the Companies	Shilpa Therapeutics Private Limited	INM Technologies Private Limited	Koanaa Healthcare Limited	Zatortia Holdings Limited	Loba Feinchemie GmbH	Makindus INC	Koanaa Healthcare GMBH	INM Nu-vent Paints Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-18	31-03-18	31-03-18	31-03-18	31-03-18	31-03-18	31-03-18	31-03-2018
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR (Refer note below 1 & 2)	INR (Refer note below 3 & 4)	INR (Refer note below 3 & 4)	INR (Refer note below 5 & 6)	INR (Refer note below 3 & 4)	INR
Share capital (Equity + Preference)	223.76	3403.76	0.09	2.76	577.57	2.21	80.62	1.00
Other equity	(42.76)	(1986.03)	(517.44)	2668.18	808.36	(305.49)	(1780.86)	(0.27)
Total assets	1698.64	2079.97	117.98	2674.46	3826.85	17.72	1465.20	0.80
Total Liabilities (Excluding Share Capital & Other Equity)	1517.64	662.24	635.32	(3.52)	2440.90	321.00	3165.44	0.07
Investments	-	1.00	-	2673.76	33.16	-	-	-
Turnover	311.04	431.54	-	-	4315.92	-	141.06	-
Profit/(Loss) before taxation	(217.11)	(956.28)	(28.79)	4.16	(42.96)	-	(1026.76)	(0.32)
Provision for taxation	(32.22)	3.35	-	0.59	0.67	-	0.29	0.05
Profit after taxation	(184.89)	(952.94)	(28.79)	3.56	(43.62)	-	(1027.05)	(0.27)
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	100%	75%	100%	100%	99.99%	55.78%	100%	75%

1. Conversion rate 1 GBP = 92.28 for Balance Sheet & Profit & Loss A/c 1 GBP = 86.15
2. Standalone Financial Statements are prepared in GBP.
3. Conversion rate 1 Euro = 80.62 for Balance Sheet & Profit & Loss a/c 1 Euro = 75.60
4. Standalone Financial Statements are prepared in Euro.
5. Conversion rate 1\$=65.441 for Balance Sheet & Profit & Loss A/c 1\$=64.74
6. Standalone Financials Statements are prepared in USD.

For and on behalf of the Board of Directors

Place: Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

(Rs. in Lacs except no. of shares)

Name of Associates/Joint Ventures	Raichem Medicare Private Limited (JV) (Audited)	Maia Pharmaceuticals INC (Associates) (Un-audited)	Reva Medicare Private Limited (JV) (Audited)	Reva Pharmachem Private Limited (Associates) (Audited)
1. Latest Balance Sheet Date	31.03.2018	31.03.2018	31.03.2018	31.03.2018
2. Shares of Associate/Joint Ventures held by the company on the year end				
No. of Shares (Equity)	870755	1400000	5001	100000
Amount of Investment in Associates/Joint Venture	1402.13	795.69	0.50	10.00
Extent of Holding %	50.001	34.79	50.001	33.33
3. Description of how there is Significant influence	Jointly Controlled Entity	Shareholding	Jointly Controlled Entity	Shareholding
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA
5. Net worth attributable to shareholding as per latest Balance Sheet	(662.60)	236.21	59.27	(62.58)
6. Profit/Loss for the year	(1767.71)	366.82	56.14	27.42
i. Considered in Consolidation	(883.87)	127.62	28.07	9.14
ii. Not Considered in Consolidation	-	-	-	-

For and on behalf of the Board of Directors

Place: Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

FORM NO. AOC -2

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

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third provision thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis are as follows:

Nature of contract & Name of the related party	Nature of relation-ship	Duration of Contracts	Salient Terms	Amount (Rs. in Lakhs)	
Sale/Purchases				Sales	Pur-chase
Raichem Medicare Pvt Ltd	Joint Venture	Not applicable	Not applicable	645.26	
Reva Pharmachem Pvt Ltd	Associated	Not applicable	Not applicable		85.29
Koanaa Healthcare GmbH Austria	Wholly Owned				
	Subsidiary	Not applicable	Not applicable	447.29	0.60
INM Technologies Pvt Ltd	Subsidiary	Not applicable	Not applicable	468.23	14.48
Shilpa- Therapeutics Pvt. Ltd.	Subsidiary	Not applicable	Not applicable	55.76	11.61
Loba Feinchemie GmbH	Step Down Subsidiary	Not applicable	Not applicable	-	-
Rent Paid					
Mohini Infra Pvt. Ltd.	Enterprise having com-mon Directors	Not applicable	As per the agreement	07.12	
Triveni Inani	Relative			2.55	
Keshav Bhutada	Relative			3.60	
Madhav Bhutada	Relative			3.60	
Commission Paid					
Reva Pharmachem Pvt. Ltd.	Associate Company	As per the sale Agreement	As per the sale Agreement	13.30	
Reva Medicare Pvt. Ltd.	Joint Venture			32.24	
Remuneration Paid					
Deepak Kumar Inani	Relative	As per the terms of appointment	As per the terms of appointment	31.32	
Keshav Bhutada				10.18	
Madhav Bhutada				10.18	
Interest Received					
1. Raichem Medicare Private Ltd.	Joint Venture	Ongoing	Not applicable	142.36	
2. Shilpa Therapeutics Private Ltd.	Subsidiary	Ongoing	Not applicable	87.63	
3. Reva Pharmachem Pvt. Ltd.	Associate	Ongoing	Not applicable	16.27	
4. Koanaa Healthcare Ltd UK	Wholly owned	Ongoing	Not applicable	26.54	
	Subsidiary				
5. Koanaa Healthcare GmbH Austria	Wholly owned	Ongoing	Not applicable	23.80	
	Subsidiary				
Corporate Guarantee[#]					
Raichem Medicare Private Limited	Joint Venture	03-06-2015 - ongoing	As per the terms and conditions of the Bank.	*10493.80	
Shilpa Therapeutics Pvt. Ltd.	Wholly owned			200.00	
	Subsidiary				
Dividend Accrued					
INM Technologies Pvt. Ltd.	Subsidiary	ongoing	As per the terms and conditions of the agreement.	212.95	
Shilpa Therapeutics Pvt. Ltd.	Wholly owned	ongoing		3.20	
	Subsidiary				
Raichem Medicare Pvt. Ltd.	Joint Venture	ongoing		166.50	

Reimbursement of expenses				
INM Technologies Pvt. Ltd.	Subsidiary	ongoing	As per the terms and con-	0.75
Loba Feinchemie GmbH	Step down Subsidiary	ongoing	ditions of the agreement.	7.57
Reva Pharmachem Pvt. Ltd.	Associate	ongoing		3.00

* Outstanding loan as at 31st March, 2018: Rs. 5578.51 Lakhs

The disclosure as required u/s 186(4) of the Companies Act, 2013 and the said guarantee given for business purpose.

For and on behalf of the Board of Directors

Place: Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Annexure-6

Related Party Disclosure as per Schedule V of SEBI (LODR) Regulations, 2015

(Rs. In Lakhs)

In the accounts of	Particulars	As on 31 st March, 2018		
		Loans/ Ad- vances	Investment	
			Equity	Preference
Shilpa Medicare Limited (Holding Company)	Raichem Medicare Private Limited	762.95	1402.13	1850.00
	Shilpa Therapeutics Private Limited (Formerly Known as Nu Therapeutics Private Limited)	1226.12	1033.76	40.00
	INM Technologies Private Limited	-	112.5	3253.77
	Reva Medicare Private Limited		0.50	-
	Zatortia Holdings Limited	1.21	2028.91	-
	Loba Feinchemie GmbH (Step down Subsidiary)	-	2673.48	-
	Makindus Inc.	-	454.20	-
	Koanaa Healthcare Limited	617.85	0.10	-
	Reva Pharmachem Pvt.Ltd.	189.99	10.00	-
	Koanaa Healthcare GmbH Austria (Including Share Application Money)	1276.61	152.84	-
	Maia Pharmaceuticals Inc.	-	795.69	-
	INM Nuvent Paints Pvt Ltd (Step down Subsidiary)	-	0.75	

For and on behalf of the Board of Directors

Place: Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

(A) Conservation of Energy-

(i)	the steps taken or impact on conservation of energy:	At unit-2 API plant The bio mass fired boiler is registered with UNFCCC under clean development mechanism(CDM), under Kyoto Protocol, thereby reducing our carbon foot print.
(ii)	the steps taken by the company for utilizing alternate sources of energy;	
(iii)	the capital investment on energy conservation equipment's;	Rs.650 lacs.

(B) Technology absorption-

(i) the efforts made towards technology absorption;

Apart from the above the Company has implemented following Energy saving & Environmental Friendly Technologies

The company has absorbed waste treatment technology of advanced Oxidation systems to reduce the sludge generation & reduce the oxygen consumption, thereby reducing the energy consumption from DR. G. Sekaran Former Chief Scientist & Cluster Chairman, Environmental Technology Division, Central Leather Research Institute.

Oil Free Technology for refrigeration systems has been imported from Hifreeze Pty Ltd, Australia to save electrical energy upto 10% of the -20 Deg. C refrigeration unit.

The Company has replaced the steam heated multiple effect evaporator with the more efficient MVR Technology (Mechanical Vapour Compression), thereby replacing the thermal energy with electrical energy and saving 840 Million Kilo Calories of energy per annum, there by cost reduction.

The Company has replaced the CFL lamps with LED lamps phase wise, thereby energy conservation is done.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

The company is focusing and making the consistent efforts to develop the new technologies for reduction waste, thereby reducing manufacturing costs and waste treatment costs, in this process the company is developing the new processes with continuous flow reactions for the processes where ever possible.

The company has incorporated the new drying technologies, there by cutting down the costs of operation & energy, increasing the capacity

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

(a)	the details of technology imported	Oil Free Technology from Hifreeze
(b)	the year of import	2017-18
(c)	whether the technology been fully absorbed	Yes completely absorbed
(d)	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	

(C) Foreign Exchange Earnings & Outgo

The details of foreign exchange earning in terms actual inflows and out flows during the year are detailed in note no. 44 to the Standalone Financial Statements.

For and on behalf of the Board of Directors

Place: Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

For The Financial Year Ended 31st March, 2018

To

The Members

Shilpa Medicare Limited

Raichur

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shilpa Medicare Limited**, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2018** has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company according to the provisions of:

- (i) The Companies Act, 2013 (the Act) (applicable Sections as on date) and the Rules made under that Act;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (since repealed);
- (e) The Securities and Exchange Board of India (Depositories and Participants) regulations, 1996;
- (vi) Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") were not applicable to the Company during the financial year under report:-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vii) The industry specific laws that are applicable to the company are as follows:
 - (a) Drugs and Cosmetics Act, 1940;
 - (b) Drugs Price Control Order, 2013 and notifications made thereunder;
 - (c) Electricity Act, 2003;
 - (d) Indian Boilers Act, 1923;
 - (e) Petroleum Act 1934 and rules made there under;
 - (f) SEZ Act, 2005;
 - (g) The Water (Prevention And Control Of Pollution) Act, 1974;
 - (h) The Air (Prevention And Control Of Pollution) Act, 1981; and
 - (i) The Environment (Protection) Act, 1986.

We report that during the period under review the Company has duly complied with the provisions of the Companies Act, Regulations of SEBI and other applicable acts as specified above to the industry of the Company.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review, the appointment of Mr. Naresh Patwari who was co-

opted as Nominee Director w.e.f. 26th December, 2016, has been approved by the shareholders at their 30th Annual General Meeting held on 29th September, 2017.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As a general practice of the Board, decisions are taken on unanimous consent.

We further report that the Company has paid the CSR (as per section 135 of the Act) amount of Rs.293.91 Lakhs for the year 2017-18, to Shilpa Foundation a charitable trust formed for purpose of taking up CSR activities.

We further report that there was no prosecution initiated and no fines or penalties were imposed for the year under the Companies Act, SEBI Act, SCRA or other SEBI Regulations on the Company or its Directors and Officers.

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

We further report that in terms of the provisions of section 124(6) of the Act, 1,80,582 equity shares belonging to 54 shareholders were transferred to Investor Education and Protection Fund.

We further report that pursuant to the order of Hon'ble Bengaluru Bench of the National Company Law Tribunal 13,99,994 equity shares of Rs.1/- each were issued and allotted to shareholders of erstwhile Navya Biologicals Private Limited on its merger with the Company.

We further report that the Company has, inter alia, obtained the approval of shareholders at the 30th Annual General Meeting for the appointment of auditors M/s.Brahmayya & Co, Chartered Accountants in place of M/s.Bohara Bhandari Bung and Associates LLP, pursuant to the provisions of section 139(2) of the Act.

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

For **P.S. Rao & Associates**
Company Secretaries

Sd/-
D.S.Rao

Company Secretary
Acs No:12394
C P No: 14487

Place: Hyderabad
Date: 13.08.2018

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

'Annexure A'

To,
The Members,
Shilpa Medicare Limited
Raichur

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our 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.

For **P.S. Rao & Associates**
Company Secretaries

Sd/-
D.S.Rao

Company Secretary
Acs No:12394
C P No: 14487

Place: Hyderabad
Date: 13.08.2018

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L85110KA1987PLC008739
2	Name of the Company	Shilpa Medicare Limited
3	Registered address	#12-6-214/A-1, Hyderabad Road, Raichur – 584 135, Karnataka, India
4	Website	www.vbshilpa.com
5	E-mail id	info@vbshilpa.com
6	Financial Year reported	2017-18
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceutical: NIC Code 21001
8	List three key products/services that the Company manufactures/provides.	The following 3 key Products are Manufactured: 1) Active Pharmaceutical Ingredients. 2) Pharmaceutical Formulations. 3) Product development services.
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	Unit I: Unit I: Plot Nos 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area, Deosugur- 584170, Raichur. Unit -II: 100% EOU and Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur. SEZ Unit: Plot No. S-20 to S-26, pharma SEZ TSHIC Green Industrial Park, Pollepally village, Jadcherla Mandal, Dist, - Mahaboobnagar - 509301, Telangana. R & D Unit- Raichur: Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur R&D Unit-Vizag: Survey No:207, Modavalasa Village, Denkada Mandalam, Dist: Vijayanagaram -531162 A.P. Hubli R&D: Navdisha Step Building, BVB CET, Vidyanagar, Hubli- 580 031.
10	Markets served by the Company – Local/State/ National/International	National & International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	Rs. 815.26 Lakhs
2	Total Turnover	Rs. 74394.60 Lakhs
3	Total profit after taxes	Rs. 13432.19 Lakhs
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit before tax (%)	2%
5	List of activities in which expenditure in 4 above has been incurred:-	The Company has spent on Education Promotion and Welfare, Healthcare. The un-spent Amount has been transferred to Shilpa Foundation, a charitable trust. The same would be spent as per CSR policy and as decided by CSR committee from time to time.

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies.

- DIN Number : 01243391
- Name : Mr. Vishnukant C Bhutada
- Designation : Managing Director

(b) Details of the BR head –

No.	Particulars	Details
1	DIN Number (if applicable)	01243391
2	Name	Mr. Vishnukant C Bhutada
3	Designation	Managing Director
4	Telephone number	08532-238704
5	e-mail id	info@vbshilpa.com

2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board of Directors?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	N	N	N	N	N	N	N	N	N
6.	Indicate the link for the policy to be viewed online?	www.vbshilpa.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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)	-	-	-	-	-	-	-	-	-

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:**

3-6 months

(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 report is published on annual basis and can be viewed on the website of the Company at www.vbshilpa.com as part of Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. **Does the policy relating to ethics, bribery and corruption cover only the company?**

No

Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

Yes

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

75 (Seventy Five) complaints were received from the shareholders and all of them resolved satisfactorily.

Principle 2

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

- 1) Azacitidine
- 2) Gemcitabine
- 3) Tranexamic acid

Our 100% requirement of the steam energy requirement is met by using renewable energy fuel Rice husk, thereby reducing greenhouse emissions &

the project is registered with UNFCCC Under Kyoto protocol under clean development Mechanism & is earning the carbon Credits, By incorporating all the pollution control Measures.

"Secured National Energy Conservation Award-2012, the first prize in the Drugs & Pharmaceutical Sector from Government of India, Ministry of Power and the award was conferred by President of India."

Opportunities

First the company brought the medicines affordable to the people of our country, thereby making all the stakeholders to prosper & thereby company is prospering.

The local vendors supply the rice Husk Renewable energy fuel by collecting from the local rice mills. The ash generated is used for Brick Manufacturing by local vendors thereby the local people got the indirect employment & living standards of the local people are improved.

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

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

In the Process design of these products the consumption of utilities has been reduced by about 12% and the solvents consumption is reduced by about 15%.

The Process are designed to have minimum foot print on the environment.

All the solvents used wherever applicable are Recovered & Reused.

About 40% of the wastes is co-processed in Cement plants.

All the Plants are zero liquid discharge plants & water is recycled in the utilities.

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

Not Applicable

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

We have well defined Practices for sustainable sourcing

The Company ensures this by conducting the audits for the facilities all the business partners all the key Raw materials& Bulk Material vendors to conduct their business in sustainable manner by following the environmental friendly practices& sustainable management systems like business ethics.

We minimize the environmental impact by sourcing the energy conservation & waste minimization products thereby conserving the precious resources and thereby cost reductions & derive the advantages.

Sustainable Transportation sourcing:

The company realizes cutting down the transportation time results in conservation of resources and results in cost savings.

The company is sourcing Renewable energy Fuel–Rice husk from the local vendors from the Rice mills located in the vicinity of the manufacturing sites.

This significantly reduced the logistics & thereby reducing the carbon footprint on environment.

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

80% are sourced sustainably both international & domestic sources.

The company Quality system insists to conduct & the company is conducting the audits for all the Key Raw material vendors & bulk Raw materials vendors & major service Vendors to confirm the sustainable practices are followed & approves them as a source for the supply, these activities results in developing the capacity Building & Sharing the best Practices, new & alternate vendors are developed as a practice to ensure the resources are maintained sustainably

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

The Company has invested in complex Solid fired Boilers in all our manufacturing units to encourage the local suppliers. The Renewable energy fuel–Rice Husk, Briquettes are being used in all our units & the goods are procured locally from the small rice mills through Rice husk collecting agents & local briquette manufacturer.

The Mechanical Maintenance services are being sourced from local vendors.

All the housekeeping, printing, stationary & other consumables are sourced locally.

The afforestation & gardening services are out sourced locally.

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

The Resources have been engaged to share the knowledge by conducting the training Programmes. Long term supply contracts have been executed, so that this gives sustainable income for them.

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, in about 50 words or so.

Yes The Company's units are zero liquid discharge units, the total effluent generated is Treated & recycled as below:

- About 40% of the water used in the units & 93 % effluent water is recycled by treating in house.
- 90% of the solvents are recovered & reused.
- About 30% of the solid wastes are recycles by up cycling & given to other industries for usage.
- The company is Co-processing about 30% Solid waste (ETP sludge) in nearby cement industries.

Principle 3

1. Please indicate the total number of employees.

The Company has 1615 Employees as on March 31, 2018.

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

The Company has over 994 Contractual employees as on March 31, 2018.

3. Please indicate the number of permanent women employees.

Company has 12 women employee as on March 31, 2018.

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

One Employee

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

Yes

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

9.09 percent of employees are members of the association/ union.

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.

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	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

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

- (a) Permanent Employees:95%
- (b) Permanent Women Employees:100%
- (c) Casual/Temporary/Contractual Employees:100%
- (d) Employees with Disabilities: 100%

Principle 4

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

Yes, all the stakeholders have been mapped. The company respects the interest & responsive of all the stakeholders especially those who are disadvantaged, vulnerable and marginalized.

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

The Company has identified disadvantaged, vulnerable & 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, in about 50 words or so. No

Identified clusters of stakeholders who are directly and indirectly affected by our operations,

The company has different platforms:-

For Employees: Health checkups, employee feedback, Training Programmes, Interaction with Top Management by E- mail & In-person

For the Surrounding society: Through Shilpa Foundation by sponsoring & arranging the infrastructure to schools , Govt. hospitals , Distribution of Books , LOCAL NGO'S, Health Camps,

For Vendors, Customers & Partners: Regular business meets, Visits to the Customers, Training & knowledge sharing with vendors & partners by Continuous Audits.

For Investors & Share Holders: Quarterly results, Annual reports, Sustainability reports Email communication news releases like Reporting of Major happenings

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?:

This policy is applicable to all its Group companies Subsidiaries/Joint Ventures/others.

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

75 (Seventy Five) complaints were received from the shareholders and all of them were resolved satisfactorily.

10 Customer Complaints have been Received and are Resolved to their satisfaction

Principle 6

The company policy is to have minimum foot print on Environment

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

This policy is applicable to all its Group companies Subsidiaries/Joint Ventures/others.

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.

Yes, The Company has initiated the reduction of greenhouse gases by installing husk fired boilers at it's unit & registered the project with UNFCC under Kyoto Protocol Project Reference no-3926.

The company in its commitment to protect the environment is using Renewable Biomass fired boilers in all it's units.

Further the company is consuming 4786000 units electrical energy generated from it's wind m ills thereby the company is having minimum footprint on environment.

The Company has initiated energy conservation measures in it's Processes by adopting the latest efficient technologies in the evaporation & chilling processes.

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

Yes.

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?

The company has registered it's Biomass fired Boiler with UNFCC Project reference no: 3926. The environmental Compliance Report is filed with Ministry of environment & forests Government of India & consent conditions compliance is filed with concerned state Pollution Control Board.

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.

The Company has invested of Rs. 38.43 Crores in Wind mills and 90.24 lakhs Units Generated from the wind mills to meet it's all the electrical energy requirements & is wheeling arrangement done with the electricity Board. Thereby the Company is saving carbon emissions.

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

Yes, the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported.

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.

Nil.

Principle 7

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

Pharmexcil, Chemexcil, Raichur Chemical Manufacturers association and Raichur Chamber of Commerce.

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)

Yes, Company is associated with above institutions with an intention of mutual learning and contribution in inclusive development of stakeholders.

Principle 8.

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

Yes, the Company's programs/initiatives/projects are given in the CSR Policy.

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

The Company has undertaken most of its programs/ projects directly through its Foundation.

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

No

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

The CSR amount pertaining to the FY 2017-18, the Company has transferred Rs.293.91 Lakhs to Shilpa Foundation for undertaking CSR activities.

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

Yes, Company's CSR initiatives are rolled out through its Foundation which ensures that the CSR initiatives are well reached, as well as successfully adopted by the community and Corporate Social Responsibility committee reviews at its meeting the Company's programs/initiatives/ projects undertaken and spending of amount in relation thereto.

Principle 9.

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

Nil

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

Yes, as per the drugs & cosmetics act we label our Products.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

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

We did not do any survey, however in our business model, our customers evaluate our quality system by auditing our facilities periodically apart the product quality evaluation at their end the customer approves us as qualified vendor after thorough auditing of our facilities & apart from the Govt. Agencies Like USFDA & all other countries agencies will audit our facilities periodically to confirm our compliance to the quality systems.

For and on behalf of the Board of Directors

Sd/-

Place: Raichur

Date : 13.08.2018

Omprakash Inani

Chairman

DIN: 01301385

DIVIDEND DISTRIBUTION POLICY

1. REGULATORY FRAMEWORK AND EFFECTIVE DATE

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016. Vide these regulations, SEBI has inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements), 2015, which requires to five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy (the “Policy”).

Shilpa Medicare Limited (SML) is one of the top five hundred listed companies, as per the market capitalization as on 31st March 2018, the board has approved and adopted the dividend distribution Policy, based on market capitalization as on 31st March 2016, at the meeting of the Board of Directors held on 14.02.2017 being the effective date of the Policy.

2. DEFINITIONS

- 2.1 “Act” shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- 2.2 “Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 2.3 “Board” shall mean Board of Directors of the Company.
- 2.4 “Listed Entity/Company” shall mean Shilpa Medicare Limited.
- 2.5 “Dividend” shall mean Dividend as defined under the Companies Act, 2013.
- 2.6 “Policy” shall mean Dividend Distribution Policy.

3. POLICY

A. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS CAN OR CANNOT EXPECT DIVIDEND:

The shareholders of the Company may not expect Dividend in the following circumstances, subject to the discretion of the Board of Directors:

- i. Whenever the Company undertakes or proposes to undertake, significant expansion plan(s) requiring higher allocation of capital;
- ii. Requirement of higher working capital for the purpose of business of the Company;
- iii. To undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc., requiring significant allocation of capital;
- iv. Proposal for buy-back of securities;
- v. In the event of inadequacy of profits or whenever the Company has incurred losses.

B. FINANCIAL PARAMETERS:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- i. Working capital requirement(s);
- ii. Capital expenditure requirement(s);
- iii. Business expansion and growth;
- iv. Additional investment in subsidiaries and associates of the Company;
- v. Consolidated net operating profit after tax;
- vi. Operating cash flow of the Company;
- vii. Outstanding borrowings;

- viii. Cost of Borrowing;
- ix. Profit available for distribution;
- x. Past dividend payout ratio.

C. INTERNAL AND EXTERNAL FACTORS

The Board of Directors of the Company would consider the internal factors stated above and the following external factors before declaring or recommending dividend to shareholders:

External Factors:

- i. Applicable laws and regulations;
- ii. Global conditions;
- iii. Macro-Economic environment;
- iv. Social/Geo-political factors/risks;
- v. Prevalent market practices

D. UTILIZATION OF RETAINED EARNINGS

The Company would utilize the retained earnings, in a manner which is beneficial and in the interest of the Company and its stakeholders, but not limited to the parameters mentioned above or for such other purposes the Board may deem fit from time to time in the interest of the Company and its stakeholders.

E. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

Currently the Company does not have any other class of shares, other than equity shares. In the absence of any other class of shares, the entire distributable profit(s) for the purpose of declaration of dividend is considered for the equity shareholders only.

4. CONFLICT IN POLICY

In the event of a conflict between the policy and the regulations, the regulations shall prevail.

5. REVIEW OF POLICY

The Board of Directors of the Company will review the policy, as and when it is necessitated. If the Board proposes to declare dividend on the basis of criteria in addition to those specified in the policy or proposes to modify the criteria, it shall disclose shall changes along with rationale for the same on the Company's website and in the Annual Report.

6. DISCLOSURE OF POLICY

The Policy will be available on the Company's website and will also be disclosed in the Annual Report.

For and on behalf of the Board of Directors

Place: Raichur
Date : 13.08.2018

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY OVERVIEW

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19.

PHARMA INDUSTRY

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently the Global Oncology/Cancer Drugs Market is expected to garner \$111,938.4 million by 2020, registering a CAGR of 7.1% during the forecast period 2014 to 2020. Recent progress in biological therapies has widened the scale of therapeutic targets for treatment of cancer with the identification of tumor cell specific genes. Immunotherapies/biologics are emerging as potential therapies to find the permanent cure for various cancer types. Amongst various biologics, drugs based on monoclonal antibodies (mAbs) have gained significant attention in recent years due to their high efficacy further propelling the growth of oncology/cancer drugs market.

The Indian pharmaceuticals market witnessed growth at a CAGR of 5.64 per cent, during FY11-16, with the market increasing from US\$ 20.95 billion in FY11 to US\$ 27.57 billion in FY16. The industry's revenues are estimated to have grown by 7.4 per cent in FY17.

Indian pharmaceutical market grew 5.5 per cent in CY2017 in terms of moving annual turnover. In March 2018, the market grew at 9.5 per cent year-on-year with sales of Rs 10,029 crore (US\$ 1.56 billion). By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size.

Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.

Indian pharma companies are capitalising on export opportunities in regulated and semi-regulated markets.

In FY17, India exported pharmaceutical products worth US\$ 16.8 billion, with the number expected to reach US\$ 40 billion by 2020. During April 2017–February 2018, India exported pharmaceutical products worth Rs. 767.17 billion (US\$ 11.90 billion). Indian drugs are exported to more than 200 countries in the world, with the US as the key market.

India is the world's largest provider of generic medicines; the country's generic drugs account for 20 per cent of global generic drug exports (in terms of volumes).

Around 40.6 per cent of India's US\$ 16.8 billion pharmaceutical exports in 2016-17 were to the American continent, followed by a 19.7 per cent to Europe, 19.1 per cent to Africa and 18.8 per cent to Asian countries.

OUTLOOK:

The Pharmaceutical industry in India is the world's third- largest in terms of volume and 10th largest in value terms. According to Department of Pharmaceuticals {Indian Ministry of Chemicals and Fertilizers}, the total turnover of India's pharmaceuticals industry between 2008 and September 2009 was US\$21.04 billion. The Indian market is poised to grow to levels of US\$50bn by 2020 as per IMS.

During the year, several structural changes such as the implementation of the GST regime in India, corporate tax reforms in the US, stringent regulatory environments and Pricing Controls. Despite these negative trends, the long-term outlook for the industry remains broadly positive.

Union Budget 2017-18 announced certain big changes connected to **Health, Education and Social Protection**.

- Budgeted expenditure on health, education and social protection for 2018-19 is Rs 1.38 lakh crore (US\$ 21.69 billion) which is expected to increase by Rs 15,000 crore (US\$ 2.36 billion) after additional allocations during the year.
- A new initiative named 'Revitalizing Infrastructure and Systems in Education (RISE) by 2022' will be launched with an investment of Rs 1 lakh crore (US\$ 15.72 billion) over the next four years.
- A total of Rs 1,200 crore (US\$ 188.65 million) is allocated for Health and Wellness Centres under the National Health Policy.
- National Health Protection Scheme will be launched, which will cover over 10 million poor families with a coverage of up to Rs 5 lakh (US\$ 7,860). This will be the world's largest government funded health care program.
- A total of 24 new government medical colleges and hospitals will be set up.

Government Initiatives

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- The National Health Protection Scheme is largest government funded healthcare program in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The program was announced in Union Budget 2018-19.

- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 15.59 billion between April 2000 and December 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- In 2017, Indian pharmaceutical sector witnessed 46 merger & acquisition (M&A) deals worth US\$ 1.47 billion.
- The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US\$ 55 billion will become off-patent during 2017-2019.

RISKS AND CONCERNS:

The pharmaceutical industry undertakes several risky ventures that are a growing concern for pharmaceutical companies. Due to technological advances, pharma companies take risks to have a competitive edge. Some of the risk exposure can affect the advancement of pharma companies. Patient advocacy groups are creating challenges for pharma companies. For example, existence of rare diseases is influencing patient advocacy groups to present the needs of patients with rare diseases to governments and regulators and lobby for changes to enhance inequalities for medical services. Pharma companies must take risks to compete to develop medicine for rare diseases.

Tax reform, U.S pricing legislation and the repeal and replace of the Affordable Care Act is posing a risk for M&A activity. Although, opportunistic deals will be evident in the future, pharma companies that have significant amounts of overseas cash will not take risk to overpay on taxes to engage in M&A acquisitions.

Between the year 2017 and 2021, it is anticipated that \$147 billion of pharmaceutical sales are at risk due to expiring patents.

This risk might potentially put a brake on the pharmaceutical industry's upward trajectory and could indicate a second patent cliff for pharma companies.

FINANCIAL PERFORMANCE AND OPERATIONS REVIEW:

During the financial year under report, the Company reported operating revenues of Rs. 74394.60 lacs as against Rs. 73789.90 lacs and a Net Profit of Rs. 13432.19 lacs as against Rs. 12562.30 lacs as against in the previous year. Regular monitoring on the financial system and timely decisions have been resulting into saving of interest costs. The Company has been implementing comprehensive measures at all its manufacturing sites to ensure quality and regulatory compliances.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorization and approval procedures. The Company has various internal audits to get audited various systems and procedures throughout the year. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

HUMAN RESOURCES:

The human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations. During the year under review, various training and development workshops were conducted to improve the competency level of employees with an objective to improve the operational performance of individuals. The Company has built a competent team to handle challenging assignments. Company has maintained cordial and harmonious relations with all employees.

CAUTIONARY STATEMENT:

Certain statement/s in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realisation, currency fluctuations, regulatory issues, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.

(Source: www.ibef.org, www.alliedmarketresearch.com & www.investmentbank.com)

For and on behalf of the Board of Directors

Sd/-

Place: Raichur

Omprakash Inani

Date : 13.08.2018

Chairman

DIN: 01301385

CORPORATE GOVERNANCE REPORT

(As required under Reg.34 (3) and Schedule V(C) of SEBI (LODR) Regulations, 2015)

The Company's shares were listed on BSE Limited w.e.f. 19.06.1995 and National Stock Exchange of India Limited w.e.f. 03.12.2009. The Corporate Governance Report has been prepared in accordance with Regulation 34(3) of SEBI (LODR) Regulations, 2015.

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to the highest standards of Corporate Governance Practices. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance will certainly benefit the Board and Management to carry out the objectives effectively for the benefit of the Company and its shareholders. The code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standards of ethical conduct are maintained throughout the Organization.

The Company has complied with the requirements of the Corporate Governance in accordance with applicable Regulations of SEBI (LODR) Regulations, 2015.

2. BOARD OF DIRECTORS

The Board of Directors along with its committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board presently comprises of Nine (9) Directors, having rich and vast experience with specialized skills in their respective fields, out of which Eight (8) are Non-Executive Directors including a Woman Director. The Company has a Non-Executive (Promoter) Chairman. The Independent Directors are more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships along with Committee positions held by them in other Companies.

Name of the Director	Category	No of Board Meetings during the Year 2017-2018		Attendance at last AGM 29-09-2017	@ No of Director-ships held in other Companies Chairman- ship	# Committee Chairmanships and Member- ships in other Companies	
		Held	Attended			Chairman-ship	Member-ship
Omprakash Inani	Chairman, Non-Executive -Promoter	6	6	Yes	4	-	--
Vishnukant C Bhutada	Managing Director -Promoter	6	6	Yes	8	--	1
Carlton Felix Pereira	Independent Director	6	6	No	13	1	3
Narinder Pal Singh	Independent Director	6	4	No	13	1	2
Rajender Sunki Reddy	Independent Director	6	3	Yes	7	--	1
Pramod Kasat	Independent Director	6	5	No	4	1	1
Ajeet Singh Karan	Independent Director	6	5	No	5	--	1
Namrata Bhutada	Non-Executive-Director-Promoter	6	4	Yes	--	--	--
Naresh Patwari	Non-Executive Non-Independent	6	5	No	1	--	1

@ Note: Excluding Directorship in Foreign Companies and Companies incorporated u/s. 8 of Companies Act, 2013.

Only Membership of Audit and Stakeholders Relationship Committees are considered.

During the year under review, Six Board Meetings were held on 29-05-2017, 10-08-2017, 13-11-2017, 13-02-2018, 22-02-2018 and 30-03-2018. The maximum gap between two consecutive meetings did not exceed One hundred and twenty days. The details of the meetings held are as follows:

As per the disclosures given by the respective Directors, no Director is a Member of more than Ten Committees and Chairman of more than Five Committees, as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, across all the Companies in which he/she is a Director. Further, no Director is acting as Independent Director of more than Seven Listed Companies and if he is a whole-time Director of listed Company not more than Three Companies.

Except the Promoter Directors Mr. Vishnukant C Bhutada, Mr. Omprakash Inani and Ms. Namrata Bhutada who are related to each other, no other Director have any relationship with any other Director.

Meeting of Independent Directors

A separate meeting of Independent Directors was held on 23.03.2018, inter alia to review the performance of the Non-Independent Directors and the Board as a whole, review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

3. COMMITTEES OF DIRECTORS

A. Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of 2/3rd members as Independent Directors in accordance with Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Committee is empowered with the role and powers as prescribed under Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and Directions of the Board from time to time.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings was as follows:

Sl. No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of Meetings attended
1.	Rajender Sunki Reddy	Independent Director	Chairman	4	2
2.	Pramod Kasat	Independent Director	Member	4	4
3.	Omprakash Inani	Non-Executive Director	Member	4	4

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Managing Director, CFO, Internal Auditors and Statutory Auditors are also invited to the meetings, as required, to brief the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meetings were held during the year under review on the following dates 29-05-2017, 10-08-2017, 13-11-2017 and 13-02-2018. The gap between two audit Committee meetings was not more than four months.

The necessary quorum was present at all the meetings.

During the reporting period, there are no complaints received under Vigil Mechanism.

B. Nomination And Remuneration Committee

The Committee is empowered with the role and powers as prescribed under Regulation 19 of SEBI (LODR) Regulations, 2015, Section 178 of the Companies Act, 2013 and in the Nomination & Remuneration Policy of the Company. The Committee also acts in terms of reference and directions of the Board from time to time.

The Nomination and Remuneration Committee comprises of Three (3) Non-Executive Directors out of which two are Independent Directors. The composition of the Nomination and Remuneration Committee is as follows:

Sl. No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of meetings attended
1	Pramod Kasat	Independent Director	Chairman	1	1
2	Omprakash Inani	Non-Executive Director	Member	1	1
3	N.P.S Shinh	Independent Director	Member	1	1

The Nomination and Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Other Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time. The Company's Remuneration policy as applicable to Directors, Key Managerial Persons and other Senior Management Personnel of the Company is posted on the Company's website at <http://www.vbshilpa.com/pdf/NominationRemunerationPolicy.pdf>.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

Remuneration of Directors:

The details of remuneration and commission paid during the year to the Managing Director, is as follows: (Rs.in Lakhs)

Salary	155.10
Allowances, Perquisites & others	0.39
Commission	650.00
Company's Contribution to PF	11.88
Total	817.37

Apart from the above, he is also eligible for the Leave encashment, Leave Travel Concession, Gratuity, Superannuation and other benefits in terms of his appointment and rules of the Company. The contract is terminable by either party on 3 months' notice or pay in lieu thereof.

Sitting Fees paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Designation	Sitting fees paid	No. of shares held on 31-03-2018
Omprakash Inani	Chairman	40000	10,72,068
Narinder Pal Singh	Independent Director	30000	14,192
Carlton Felix Pereira	Independent Director	40000	1,470
Pramod Kasat	Independent Director	30000	93,000
Rajender Sunki Reddy	Independent Director	30000	25,500
Ajeet Singh Karan	Independent Director	40000	-
Namrata Bhutada	Non-executive Director	40000	22,500
Naresh Patwari	Non-executive Director	-	-

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

C. Stakeholders' Relationship Committee

The present composition of the Stakeholders' relationship Committee is as under:

Sl. No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of meetings attended
1	Omprakash Inani	Non-Executive Director	Chairman	2	2
2	Vishnukant C Bhutada	Managing Director	Member	2	2

The Stakeholders' Relationship Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Regulation 6 of the SEBI (LODR) Regulations, 2015

the Board has authorized the Compliance Officer, Mr. Madhusudhan Reddy, to approve the share transfers/transmissions and comply with other formalities in relation thereto. All investor's complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement. During the year the Company has received in total 75 investors' requests/complaints which were resolved.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31st March, 2018.

D. Corporate Social Responsibility Committee.

The Board constituted CSR Committee as per the provisions of the Companies Act, 2013 and entrusted the responsibility to comply with the provisions of said Act. The composition of the Corporate Social Responsibility Committee is as under:

Sl. No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of meetings attended
1	Rajender Sunki Reddy	Independent Director	Chairman	1	1
2	Vishnukant C Bhutada	Managing Director	Member	1	1
3	Omprakash Inani	Non-Executive Director	Member	1	1

GENERAL BODY MEETINGS

i) The Details of the last three Annual General Meetings are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
March 31 st , 2017	29 th September, 2017	Registered office at #12-6-214/A-1, Hyderabad Road, Raichur- 584 135.	12.15 P.M	Nil
March 31 st , 2016	29 th September, 2016.	Registered office at #12-6-214/A-1, Hyderabad Road, Raichur-584 135.	11.30 A.M	a) To re-appoint Mr.Narinder Pal Shinh (DIN No.00023160) Raichur-584135, Karnataka. as Independent Director of the Company for a term of Three years. b) To re-appoint Mr.Carlton Felix Pereira (DIN No.00106962) as Independent Director of the Company for a term of Three years. c) To re-appoint Mr.Ajeet Singh Karan (DIN No.00183622) as Independent Director of the Company for a term of Three years. d) To re-appoint Mr.Pramod Kasat (DIN No.00819790) as Independent Director of the Company for a term of Three years. e) To re-appoint Mr.Venugopal Loya (DIN No.01270402) as Independent Director of the Company for a term of Three years. f) To re-appoint Mr. Rajender Sunki Reddy (DIN No. 02284057) as Independent Director of the Company for for a term of Three years.
March 31 st , 2015	28 th September, 2015.	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	a) To re-appoint Mr. Vishnukant C Bhutada, as Managing Director of the Company for a period of Five years. b) To adopt new Articles of Association containing regulations in conformity with the provisions of the Companies Act, 2013.

- ii) The Details of Extra-Ordinary General Meetings held during the last Three years are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
2017-18 (as per NCLT Order)	April 29 th , 2017	Registered office at 12-6-214/A-1, Hyderabad Road, Raichur-584 135.	10.30 AM	To Approve Scheme of Amalgamation of Navya Biologicals Pvt Ltd with Shilpa Medicare Limited.
2016-17	26 th December, 2016	Registered office at #12-6-214/A-1, Hyderabad Road, Raichur - 584 135	11.00 A.M	a) Issue of Equity shares on Preferential Basis. b) To increase the aggregate limit of FII's Shareholding

Special Resolution passed in last year through postal ballot.

4. DISCLOSURES

A. Disclosures on Materially Significant Related Party Transactions.

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

B. Details of Non-Compliance and Penalties.

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. Neither any penalty was imposed nor was any stricture passed on the Company by the Stock Exchanges, SEBI or any statutory Authority relating to Capital markets.

C. The Audit Committee has formulated Whistle Blower Policy. As per the Policy and Internal Code of Conduct all personnel of the Company have been given access to the Audit Committee.

D. CEO/ CFO Certification.

The Managing Director and Chief Financial Officer (who is heading the finance functions) have certified to the Board in accordance with Regulation 17(8) of SEBI (LODR) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2018.

E. Compliance Certificate.

Compliance certificate for Corporate Governance from Secretarial Auditors of the Company is annexed hereto and forms part of this report.

F. Code of Conduct.

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the financial year ended 31st March, 2018. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

G. Details of Compliances with Mandatory Requirements and Adoption of the Non-Mandatory Requirements.

The Company has complied with the mandatory requirements enumerated in Regulation 17 to 27 of SEBI (LODR) Regulations, 2015 and has also complied with non-mandatory requirements.

H. Relationship inter-se among Directors.

In accordance with the provisions of Section 2(77) of the Companies Act, 2013 and rules made there-under, Managing Director, Mr. Vishnukant C. Bhutada, Chairman of the Board Mr. Omprakash Inani, Director and Ms. Namrata Bhutada, Director, belong to promoter group and are related to each other.

I. Familiarization program of Independent Directors.

The Company conducted familiarization program for the Independent Directors to familiarize them to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. The Company also conducted a separate programme on the latest SEBI Regulations to promote training to the Directors to ensure that the Board Members are kept up to date.

J. Material Subsidiaries.

The policy for determining material subsidiaries has been posted on the website of the Company i.e. [http:// www.vbshilpa.com/policies.html](http://www.vbshilpa.com/policies.html)

K. Related Party Transactions.

The policy on dealing with related party transactions has been posted on the website of the Company i.e, <http:// www.vbshilpa.com/policies.html>.

L. Discretionary Requirements

The Company has adopted all the discretionary requirements as specified in Part E of Schedule II SEBI (LODR) Regulations, 2015 except the point No.B i.e. Shareholder Rights.

5. MEANS OF COMMUNICATION.

- A. Quarterly, Half-yearly and Annual reports are published in two Newspapers- one in English and one in regional Language.
- B. The financial results are regularly submitted to the Stock Exchanges in accordance with the SEBI (LODR) Regulations and simultaneously displayed on the Company's website www.vbshilpa.com. The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.
- C. The Company is also displaying official news announcements on its website www.vbshilpa.com.
- D. Management Discussion and Analysis forms part of this Annual Report.

6. GENERAL SHAREHOLDER'S INFORMATION

A.	Annual General Meeting Date and Time:	Monday the 17 th day of September 2018 at 12.15 P.M
	Venue:	#12-6-214/A-1, Hyderabad Road, Raichur Karnataka- 584135
	Last Date of Proxy forms submission	15.09.2018
	Period Date for exercising e-voting	14.09.2018 09.00 A.M to 16.09.2018 at 05.00 P.M
B.	Financial Year	1st April 2017 to 31st March 2018
C.	Book Closure	10.09.2018
D.	Dividend Payment Date	Not Applicable. As there is no recommendation of Final dividend by the Board.
E.	Listing on Stock Exchanges [#]	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
		2. National Stock Exchange of India Limited, "EXCHANGE PLAZA", 5th Floor, Plot No. C/1, G Block, Bhandra- Kurla Complex, Bandra (E), Mumbai

[#]The listing fees for the year 2017-2018 have been paid to both the above said Stock Exchanges.

F. Stock Code

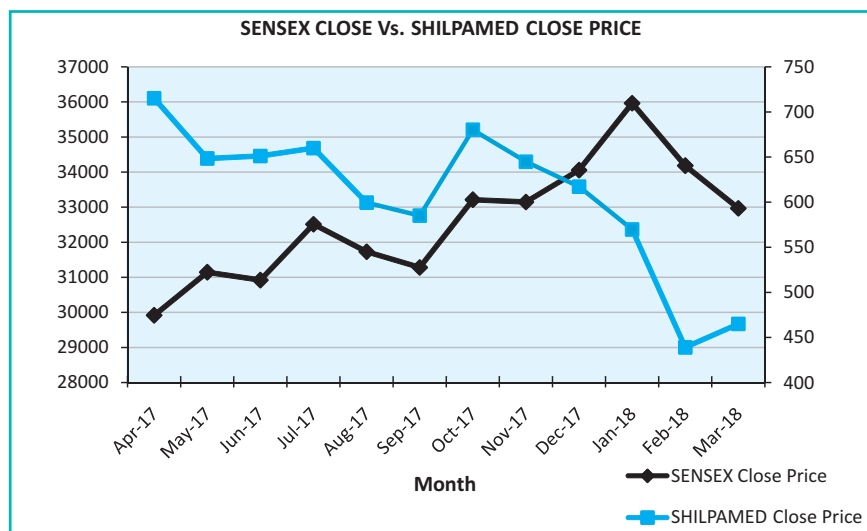
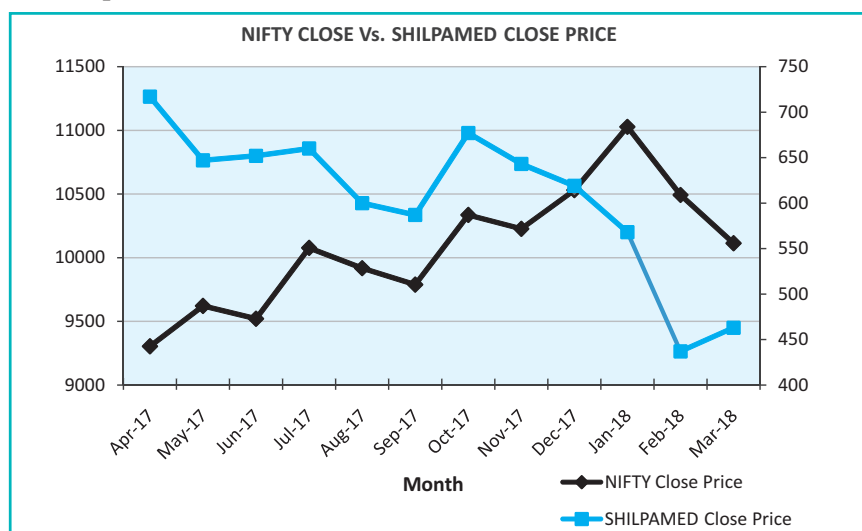
Name of the Stock Exchange	Stock Code	Scrip Code
BSE	530549	SHILPAMED
NSE	N.A	SHILPAMED-EQ
Demat ISIN No. for NSDL & CDSL	INE790G01031	

G. Market Price Data & Share Performance of the Company

The monthly High, Low and trading volumes of the Companies Equity Shares during the last financial year 2017-18 at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2017	748.95	644.30	2,55,866	749.00	642.00	1,583,919.00
May, 2017	725.00	627.75	1,48,914	725.00	625.80	654,620.00
June, 2017	682.80	616.00	71,106.00	675.80	611.10	521,743.00
July, 2017	708.80	632.25	1,20,099	708.80	630.00	622,063.00
August, 2017	672.40	537.10	1,00,720	672.00	535.10	801,066.00
September, 2017	619.80	552.85	50,176.00	620.90	551.10	581,108.00
October, 2017	704.00	570.00	1,39,787	704.80	568.30	975,768.00
November, 2017	685.00	610.15	81,563.00	688.00	608.20	540,769.00
December, 2017	664.00	574.00	53,835.00	659.90	591.70	663,151.00
January, 2018	637.00	538.05	84,389.00	637.80	538.00	808,663.00
February, 2018	575.20	429.55	89,058.00	579.80	430.05	871,237.00
March, 2018	514.90	401.00	2,63,096	516.00	400.00	2,811,521.00

H. Performance in comparison to broad based indices NSE NIFTY and BSE SENSEX:



I. All Services relating to share transfer/transmissions and information may be addressed to:

Registrar and Share Transfer Agent

M/s. Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli,
Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500 032
Tel: 91 040 67161510, 040-67161512
Fax: 040-23420814/23420857
Email: mailmanager@karvy.com
Website: www.karvycomputershare.com

The Company periodically audits the operations of share transfer agent.

J. Share Transfer System

Share Transfers in physical form shall be lodged with the Registrar at the above-said address. The share transfers are generally processed by Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

K. Distribution of Equity Shares as on 31st March, 2018.

Distribution of Shareholding as on 31/03/2018 (Total)					
Slno	Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1	1 - 5000	16025	97.57	4246020	5.21
2	5001 - 10000	175	1.07	1313592	1.61
3	10001 - 20000	102	0.62	1374084	1.69
4	20001 - 30000	34	0.21	868513	1.07
5	30001 - 40000	9	0.05	304057	0.37
6	40001 - 50000	10	0.06	457668	0.56
7	50001 - 100000	14	0.09	1047851	1.29
8	100001 and above	55	0.33	71915113	88.21
	Total:	16424	100.00	81526898	100.00

L. Shareholding Pattern as on 31st March, 2018.

Category	No. of Shares held	% of Capital
Indian Promoters	43864092	53.80
Banks, Financial institutions, Insurance Companies & Mutual Funds	89738	0.11
Foreign Institutional Investors	15330387	18.80
Indian Public & HUFs	7888120	9.68
Private Corporate Bodies	4593132	5.63
NRIs/OCBs/FCBs	1868578	2.29
Others	7892851	9.67
Total	81526898	100

M. Dematerialization of Shares and Liquidity.

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March, 2018, 98.94% of the Company's Equity Shares are in dematerialized form. The ISIN NO/Code for the Company's Equity Shares is INE790G01031. Shareholders can open account with any of the depository participants registered with any of these depositories.

N. Plant Locations

Unit I Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area, Deosugur- 584170, Raichur.	Unit-II 100% EOU, Plot Nos. 33-33A,40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur-584134, Raichur.
R & D Unit- Raichur Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur-584134, Raichur	SEZ Unit Plot No. S-20 to S-26, Pharma SEZ TSIIC Green Industrial Park, Pollepally Village, Jadcherla Mandal, Dist - Mahaboobnagar - 509301, Telangana
R & D Unit- Hubli (formerly known as Navya Biologicals Pvt Ltd) Navdisha Step Building, BVB CET, Vidyanagar, Hubli- 580 031.	R & D Unit-Vizag Survey No:207, Modavalasa Village, Denkada Mandalam, Dist: Vijayanagaram -531162 AP.

Wind Mills

Machine-No.1	Machine-No.2	Machine-No.3	Machine-No.4	Machine-No.5
Madkaripura,	Jogimatti,	Vanivilas Sagar,	Kodameedipalli,	Kalasapura
Dist. Chitradurga.	Dist. Chitradurga.	Dist. Chitradurga.	Dist. Kurnool.	Dist.Gadag

O. Subsidiaries

- i) LOBA FEINCHEMIE GmbH, (Step-down Subsidiary)
Fahragasse 7, A- 2401, Fischamend, Austria.
- ii) ZATORTIA HOLDINGS LIMITED
70 Kennedy, 4th Floor, 1076 Nicosia, Cyprus,P.O Box- 20971, 1662
- iii) SHILPA THERAPEUTICS PRIVATE LIMITED,
Plot No.118 Phase-III, IDA, Cherlapalli, Hyderabad - 500051
- iv) INM TECHNOLOGIES PRIVATE LIMITED
#4, T M Industrial Estate, 12th KM, Mysore Road, Bangalore - 560059.
- v) MAKINDUS INC
206 Avondale Drive, North Wales, Pennsylvania 19454, Montgomery.
- vi) KOANAA HEALTHCARE LIMITED
4TH Floor Cavendish House, 369 burnt Oak Broadway, Edgware Middlesex, England, HA8 5AW
- vii) KOANAA HEALTHCARE GmbH
Fehrgasse 7, 2401 Fischamend, Austria, N. Address for Correspondence
- viii) INM NUVENT PAINTS PRIVATE LIMITED (Step-down Subsidiary)
#4, T M Industrial Estate, 12th KM, Mysore Road, Bangalore - 560059.

P. Address of correspondence

The Company Secretary & Compliance Officer
Shilpa Medicare Limited
12-6-214/A1, Hyderabad Road, Raichur – 584 135
Email: cs@ybshilpa.com
Phone: 08532-238704

For and on behalf of the Board

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Place : Raichur

Date : 13.08.2018

Managing Director's and CFO's Certification

To

The Board of Directors

We have reviewed the financial statements read with the cash flow statement of Shilpa Medicare Limited for the year ended 31st March, 2018 and to the best of our knowledge and belief, we state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) These statements present true and fair view of the Company's affairs and are in compliance with current Accounting Standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of 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, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the Auditors and Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year.
 - (iii) that there are no significant instances of fraud involving the management or an employee having significant role in the listed entities internal control systems over financial reporting.

Place : Raichur
Dated : 28.05.2018

Sd/-
Sushil Bajaj
Chief Financial Officer

Sd/-
Vishnukant C Bhutada
Managing Director

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

I, Vishnukant C. Bhutada, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year ended 31st March, 2018.

Place : Raichur
Dated : 13.08.2018

Sd/-
Vishnukant C. Bhutada
Managing Director

AUDITORS REPORT ON CORPORATE GOVERNANCE

To,
The Member of Shilpa Medicare Limited

We have examined the compliance of the requirements of Corporate Governance by Shilpa Medicare Limited (the Company) for the year ended 31st March, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of condition of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring compliance with the condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and to the explanation given to us and based on the representations made by the Directors and the Management we certify that Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.S. Rao & Associates**
Company Secretaries

Sd/-
D.S.Rao
Company Secretary
ACS No: 12394
C P No: 14487

Place : Raichur
Dated : 13.08.2018

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INDEPENDENT AUDITOR'S REPORT

To
The Members of Shilpa Medicare Limited.

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of SHILPA MEDICARE LIMITED, ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 and the Rules made thereunder including 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 the 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 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, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The standalone financial statements of the Company as at and for the year ended March 31, 2017 were audited by the Company's predecessor auditor who had expressed an unmodified opinion on those standalone financial statements vide their report dated May 29, 2017. The balances as at March 31, 2017 as per the audited standalone financial statements, duly read in conjunction with note 48 and 50 of the financial statements, have been considered as opening balances for the purpose of these standalone financial statements.

Our opinion is not qualified in respect of above matter.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect of adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone 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.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30st December, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However, amounts as appearing in the audited financial statements for the year ended March 31, 2017 have been disclosed in note no. 42.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Regn No. 000513S

Place: Hyderabad
Date : 28th May, 2018

Sd/-
K. Shravan
Partner
Membership No. 215798

Annexure – A to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of SHILPA MEDICARE LIMITED("the Company"), for the year ended March 31, 2018.,

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
- c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. According to the information and explanation given to us, the Company has granted unsecured loans to Companies covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
 - a. The terms and conditions of such loans granted are not prejudicial to the interest of the Company.
 - b. The schedule of repayment of principal and payment of interest has been stipulated in the agreement and repayments or receipts of principal amounts and interest have been made as per stipulations.
 - c. As there were no overdue amounts in respect of the loan granted to a Company covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed thereunder, do not apply to the Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. a. According to the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales-Tax, Service Tax, Goods and Services Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and all other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at March 31, 2018 for a period more than six months from the date they became payable.
- b. According to the records of the Company and the information and explanations given to us, there were no dues of Income-Tax or Sales-Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year. The Company did not have any debentures outstanding as at the year end.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of paragraph 3 (ix) of the Companies (Auditor's Report) Order 2016 are not applicable.

10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. 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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Company has made allotment of 13,99,994 Equity shares during the year as per the Scheme of Amalgamation of Navya Biologicals Private Limited with Shilpa Medicare Limited.
15. 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 directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Regn No. 000513S

Place: Hyderabad
Date : 28th May, 2018

Sd/-
K. Shravan
Partner
Membership No. 215798

Annexure – B to the Auditor’s Report

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 SHILPA MEDICARE LIMITED (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“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.

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 on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

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

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 expenditure 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 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 March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

for **Brahmayya & Co.**
Chartered Accountants
Firm's Regn No. 000513S

Place: Hyderabad
Date : 28th May, 2018

Sd/-
K. Shravan
Partner
Membership No. 215798

Standalone Balance Sheet as at 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at 31 st March		As at 01 st April
		2018	2017 (Restated)	2016 (Restated)
A ASSETS				
Non- Current Assets				
(a) Property, plant & equipment.	2	43,768.92	40,407.37	35,049.13
(b) Capital work- in- progress	3	13,100.27	8,781.16	8,909.40
(c) Goodwill		2,653.06	2,653.06	2,653.06
(d) Intangible assets	4	2,446.89	1,825.02	1,778.33
(e) Intangible assets under development	5	6,998.94	4,869.63	4,823.46
(f) Financial assets	6			
(i) Investments		11,134.60	10,177.59	9,405.47
(ii) Loans		3,374.89	2,528.34	2,402.75
(iii) Other financial assets		307.28	273.57	220.40
g) Other non-current assets	7	8,853.71	7,098.69	3,775.01
Total Non-Current Assets		92,638.56	78,614.43	69,017.01
Current Assets				
(a) Inventories	8	16,771.83	17,495.85	12,469.40
(b) Financial assets	9			
(i) Investment		11,954.27	22,462.25	5,963.07
(ii) Trade receivables		21,813.71	16,650.25	11,209.05
(iii) Cash and cash equivalents		7,295.74	9,254.13	611.42
(iv) Other bank balance		18.69	55.46	16.91
(v) Loan		699.83	685.02	472.66
(vi) Other financial assets		1,560.00	1,360.42	439.68
(c) Other current assets	10	4,641.90	2,457.32	2,220.00
(d) Current tax assets (net)	11	562.33	11.35	206.50
Total Current Assets		65,318.30	70,432.05	33,608.69
Total Assets		157,956.86	149,046.48	102,625.70
B EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12	815.27	801.27	771.02
(b) Other equity	13	114,882.72	102,160.34	72,964.49
Total Equity		115,697.99	102,961.61	73,735.51
Liabilities				
Non- Current liabilities				
(a) Financial liabilities	14			
(i) Borrowings		6,810.72	14,248.25	204.35
(b) Provisions	15	508.35	555.34	431.59
(c) Deferred tax liabilities (net)	16	9,355.38	8,649.62	7,413.13
(d) Other non-current liabilities	17	482.48	661.11	265.12
Total Non-Current Liabilities		17,156.93	24,114.32	8,314.19
Current Liabilities				
(a) Financial Liabilities	18			
(i) Borrowings		9,294.62	8,804.10	6,959.37
(ii) Trade payables		10,506.39	10,391.41	9,831.50
(iii) Other financial liabilities		4,331.77	1,983.37	2,905.34
(b) Other current liabilities	19	712.41	536.92	489.03
(c) Provisions	20	256.75	254.75	390.76
Total Current Liabilities		25,101.94	21,970.55	20,576.00
Total Equity & Liabilities		157,956.86	149,046.48	102,625.70

The accompanying notes form an integral part of the standalone financial statements Notes: 01 to 52.

As per our report of even date attached

for **Brahmayya & Co.,**

Chartered Accountants

Firm's Registration No.000513S

Sd/-

K. Shravan

Partner

M.No. 215798

Place : Hyderabad

Date : 28th May, 2018

for and on behalf of the Board of Directors of

Shilpa Medicare Limited

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Sd/-

Madhusudhan Reddy

Company Secretary

M.No. 33355

Sd/-

Vishnukant C. Bhutada

Managing Director

DIN: 01243391

Sd/-

Sushil Bajaj

Chief Financial Officer

M.No. 206501

Standalone Statement of Profit and Loss for the Year ended 31st March , 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017 (Restated)
INCOME			
(a) Revenue from operations	21	70,792.67	69,224.55
(b) Other operating revenues	22	3,601.93	4,565.35
Total Revenue from operations		74,394.60	73,789.90
(a) Other income	23	2,331.53	1,988.32
Total Income		76,726.13	75,778.22
EXPENSES			
(a) Cost of materials consumed	24	29,867.96	40,207.84
(b) Purchases of stock-in-trade	25	586.46	736.49
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade	26	4,720.59	(4,065.15)
(d) Employee benefits expense	27	11,308.11	9,152.82
(e) Finance costs	28	212.21	279.46
(f) Depreciation and amortisation expense	1&2	3,277.70	2,665.52
(g) Excise duty expenses		265.41	422.78
(h) Other expenses	29	9,739.15	9,070.83
Total Expenses		59,977.59	58,470.59
Profit before Exceptional item and tax		16,748.54	17,307.63
Exceptional (income)/expenses	30	-	454.15
Profit before tax		16,748.54	16,853.48
Tax Expenses			
Current tax		3,494.19	3,535.05
Less: MAT Credit entitlement		(757.51)	(664.20)
		2,736.68	2,870.85
Deferred tax		687.96	1,237.80
Total Tax Expenses		3,424.64	4,108.65
Profit for the year		13,323.90	12,744.83
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to Profit or Loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		16.87	(2.48)
(b) Items that will be reclassified to Profit or Loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		91.42	(180.12)
Total Other Comprehensive Income/(Loss) for the year		108.29	(182.60)
Total Comprehensive Income for the year		13,432.19	12,562.23
Earning per equity share, par value of Re. 1/- each			
Basic (Rs.)		16.68	15.68
Diluted (Rs.)		16.68	15.68

The accompanying notes form an integral part of the standalone financial statements Notes: 1 to 52

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

Standalone Statement of Changes in Equity

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Securities Premium reserves	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)		Gain on forfeiter of equity shares	Share Capital-Merger Scheme	Total
				Financial Instruments measured at fair value through OCI	Remeasurement of defined benefit plan			
Balance at April 01, 2016	18,665.71	4,182.68	43,015.91	-	(185.13)	8.76	6,999.97	72,687.91
Prior period error (refer note no.50)	-	-	276.58	-	-	-	-	276.58
Balance as at April 01, 2016 (Restated)	18,665.71	4,182.68	43,292.49	-	(185.13)	8.76	6,999.97	72,964.49
Profit for the Year	-	-	12,744.82	-	-	-	-	12,744.82
Addition / Deletion during the year	17,212.25	500.00	(500.00)	(180.12)	(2.48)	-	-	17,029.66
Dividend including dividend distribution tax and others	-	-	(578.63)	-	-	-	-	(578.63)
Balance at the end of March 31, 2017 (Restated)	35,877.96	4,682.68	54,958.68	(180.12)	(187.61)	8.76	6,999.97	102,160.34
Profit for the Year	-	-	13,323.89	-	-	-	-	13,323.89
Addition / Deletion during the year	6,985.97	500.00	(500.00)	91.42	16.87	-	(6,999.97)	94.30
Dividend including dividend distribution tax and others	-	-	(695.80)	-	-	-	-	(695.80)
Balance at the end of March 31, 2018	42,863.93	5,182.68	67,086.77	(88.70)	(170.74)	8.76	-	114,882.72

The accompanying notes form an integral part of the standalone financial statements Notes: 01 to 52

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

Standalone Statement of Cash Flow for the year ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017 (Restated)
A. Cash flows from/(used in) operating activities		
Profit before tax (PBT)	16,748.54	16,853.48
Adjustments for :		
Depreciation and amortisation expenses	3,277.70	2,665.52
Interest earned	(482.39)	(387.87)
Liabilities written back	(42.26)	(20.92)
Provision written back	(0.69)	(1.63)
Dividend income	(404.95)	(325.49)
Realised /Unrealised Gain on Investment in Mutual Fund	(1,286.54)	(998.06)
Corporate Guarantee Fees	(19.64)	(30.30)
Capital Subsidy (Grants)	(56.24)	(37.43)
Finance costs	212.21	279.46
Foreign exchange fluctuation (gain)/loss (net)	(367.22)	(434.23)
Advance Written-off (incl. Capital Advances)	14.26	282.01
Bad debts / Advance written-off	6.25	79.00
Loss on sale /discard of assets	17.30	3.74
Provision for Diminution in the value of Investment	-	454.15
Operating Profit before changes in operating assets and liabilities	17,616.33	18,381.43
Adjustments for changes in operating assets and liabilities:		
(Increase) / Decrease in Inventories	724.01	(5,026.45)
(Increase) / Decrease in Trade receivables	(4,868.80)	(5,571.13)
(Increase) / Decrease in Loans	(696.05)	(376.95)
(Increase) / Decrease in Other financial assets	166.74	(593.27)
(Increase) / Decrease in Other assets	(4,186.85)	(99.85)
Increase / (Decrease) in Trade payables	36.47	1,004.66
Increase / (Decrease) in Other financial liabilities	585.44	630.72
Increase / (Decrease) in Other liabilities	164.16	39.10
Increase / (Decrease) in Provisions	(49.83)	0.63
Cash generated from Operations	9,491.59	8,388.89
Income tax paid (net of refunds)	(4,045.16)	(3,339.90)
Net Cash generated from operating activities (A)	5,446.43	5,048.99
B. Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	52.21	69.72
Purchase of property, plant and equipment including capital advances and net of capital creditors	(12,656.24)	(11,204.17)
(Increase)/Decrease in Current Investment	11,794.52	(15,501.12)
Investments/Acquisition of non-current investment	(957.02)	(1,226.26)
Investment in fixed deposits	(7.94)	0.04
Capital Subsidy(Grants)	33.14	52.23
Dividend received	22.31	9.18
Interest received	468.71	322.33
Net Cash generated from/(used in) investing activities (B)	(1,250.30)	(27,478.05)

Standalone Statement of Cash Flow (Contd.)

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017 (Restated)
C. Cash flows from/(used in) financing activities		
Dividend paid incl. Dividend Tax	(723.63)	(540.09)
Repayment of Non-current borrowings	(5,717.58)	13,197.13
Proceeds from Current borrowings	490.51	1,844.74
Proceeds from issue of shares	-	17,242.50
Interest paid	(198.92)	(216.89)
Net cash used in financing activities (C)	(6,149.62)	31,527.39
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,953.49)	9,098.33
Cash and cash equivalents as at the beginning of the year	9,267.92	169.60
Cash and cash equivalents at the end of the year	7,314.43	9,267.92

Components of Cash and Cash Equivalents	As at 31 st March, 2018	As at 31 st March, 2017 (Restated)
Cash on Hand	16.48	18.63
Cash at Banks		
a) In Current accounts	3,771.16	1,227.25
b) In Fixed Deposits Accounts with original maturity of less than 3 months	3,508.10	8,008.25
c) In Unpaid dividend account	18.69	55.46
d) Books overdraft	-	(41.67)
Total Cash and Cash Equivalents	7,314.43	9,267.92

Note:

1. Previous year figures have been reclassified/restated where ever necessary.
2. Cash Flow statement has been prepared under Indirect method as per Ind AS-7 "Statement of cash flow".

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

CORPORATE INFORMATION

Shilpa Medicare Limited (SML) is a listed Company engaged in the manufacturing of API, Formulation and Development service, Shilpa Medicare Limited (SML) started its operations as API manufacturer way back in 1987 at Raichur, Karnataka-India. The Company started its commercial production in November 1989. In November 1993, Shilpa Medicare Limited was converted into a Public Limited Company. The Company was listed on Bombay Stock Exchange on June 19, 1995 and National Stock Exchange (NSE) on Dec 03, 2009. Subsequently Shilpa Medicare has gained World Health Organization-Good Manufacturing Practices (GMP) Certificate recognition

SML is presently dealing in high-quality Active Pharmaceutical Ingredients (APIs), Bulk drug, Intermediates, Formulations, New Drug Delivery Systems, Peptides / Biotech products and Specialty Chemicals etc. using sophisticated technology meticulously in order to comply with laid down international standards/specifications. Today SML is among the world's leading suppliers of Oncology/Non-Oncology APIs and intermediates.

1. Basis of Preparation of Financial Statements

- I. The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the company. The accounting policies are applied consistently to all the years presented in the financial statements.

The financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable.

- Derivative financial instruments
- Certain financial assets / liabilities measured at fair value,
- Defined Benefit Plans at fair value.

The Standalone financial statements of the Company for the year ended March 31, 2018 were approved by the Board of Directors on 28/05/2018.

- II. The financial statements are presented in Indian Rupees which is the functional currency for the Company. All amounts have been rounded-off to the nearest lakhs unless otherwise stated.
- III. The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India and as notified under the Companies Act 2013 and other relevant provisions of the Act.
- IV. Basis of measurement

Current Vs Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when it satisfies the below mentioned criteria:

- (i) Expected to be settled in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

1.1 Significant Accounting Policies

Critical accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of

assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of Useful life of Property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1(r))
- Estimation of impairment (Note 1.1(d))
- Estimation of provision and contingent liabilities (Note 1.1(s))
- Business Combination (Note 1.1(e))

a) Property, Plant and Equipment & Depreciation:

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. 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.
- iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.
- v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made.

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) 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. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) Business Combination and goodwill

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. 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 Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) Investments:

- i. Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered being other than temporary in nature.
- ii. Current investments are stated at fair value.
- iii. Non-current investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.
- iv. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss Account.

g) Inventory:

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) 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

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

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 recognized 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.

i) Cash and Cash Equivalent.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk.

Cash flow statement is prepared under the indirect method as per Ind As 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of bank overdraft.

j) Dividends to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases

Operating Lease

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

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of products:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

(ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and

are recognized on the completion of each mile-stones as per term of the agreement.

(iii) Recognition of Export Incentives:

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the Government of India are recognized in the period in which they are approved.

m) Other Income

- i. Interest Income is recognized using the Effective interest rate (EIR) method.
- ii. Dividend income is recognized when right to receive is established.
- iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognises in other Income in profit & loss account.

n) Foreign Currency Transactions/Translations:

Initial Recognition

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

Translations

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.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

(o) Government Grant

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

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments is reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(i) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement

financial assets are classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

(a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Investment in Subsidiaries
- Loans
- Other financial assets

(b) Financial Assets measured at fair value through other comprehensive income (FVTOCL)

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet

the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- Financial Assets that are debt instruments and are measured at FVTOCI.
- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

(ii) Financial Liability:

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other Financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(iii) Derivative financial instruments and hedge accounting

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.

r) Taxes on Income

Tax expense comprises of current and deferred tax.

- i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.
- ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- iii. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as "MAT Credit Entitlement".

s) Provisions, Contingent Liabilities and Contingent Assets.

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 recognized as finance Cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has

a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) Earning per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period.

1.2. Recent accounting pronouncements:

Ind AS 115: Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The effective date for adoption of Ind AS 21 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2. PROPERTY, PLANT & EQUIPMENT.

Particulars	Gross Block				Depreciation / Amortisation			Net Block
	As at 01.04.2017	Additions	Deduction/ Adjustment during the year	Balance as at 31.03.2018	As at 01.04.2017	For the year #	Balance as at 31.03.2018	As on 31.03.2018
i) Owned								
a) Borewell	19.04	0.46	-	19.50	12.50	2.34	14.83	4.67
b) Building	9,965.61	520.34	-	10,485.95	1,647.25	324.50	1,971.75	8,514.20
c) Canteen Equipment	10.52	6.55	-	17.07	4.46	2.27	6.73	10.34
d) Computer	607.32	84.10	-	691.42	416.43	91.21	507.64	183.78
e) Network Server Equipment	78.35	3.00	-	81.35	8.43	12.86	21.29	60.06
f) Electrical Installation	3,081.07	284.89	-	3,365.95	1,244.62	319.63	1,564.25	1,801.71
g) Empty Cylinders	4.67	-	-	4.67	4.24	0.06	4.30	0.36
h) ETP Building	565.85	-	-	565.85	134.57	17.72	152.29	413.56
i) ETP Machinery	504.79	1.24	-	506.04	90.17	22.79	112.96	393.08
j) Furniture	1,124.43	131.58	-	1,256.00	300.86	115.46	416.33	839.67
k) Generator	237.31	9.28	-	246.59	44.78	18.98	63.75	182.83
l) Lab Equipments	6,185.30	1,141.00	-	7,326.31	1,879.66	637.53	2,517.19	4,809.12
m) Office Equipment	100.22	27.36	-	127.58	33.23	20.40	53.63	73.95
n) P/M (Power Generation Unit)	3,843.04	-	-	3,843.04	1,795.98	101.12	1,897.11	1,945.93
o) Pipeline	2,761.55	628.88	-	3,390.43	744.15	131.06	875.20	2,515.23
p) Plant & Machinery	23,327.04	3,361.35	42.05	26,646.34	5,461.72	1,056.10	6,498.85	20,147.49
q) Pollution Control Equipments.	37.07	-	-	37.07	29.32	0.42	29.74	7.34
r) R & D Equipments	238.44	-	-	238.44	203.97	9.85	213.83	24.61
s) Storage Tank	132.30	28.18	-	160.48	33.94	5.89	39.84	120.65
t) Transformer	46.61	-	-	46.61	19.29	4.19	23.47	23.14
u) Unit-II Building	5.86	-	-	5.86	2.94	0.20	3.13	2.73
v) Vehicle	311.38	117.25	50.58	378.05	142.19	35.43	161.29	216.76
w) Vehicle Electrical Operated	34.87	-	-	34.87	12.50	4.20	16.70	18.16
x) Xerox Machine	3.72	-	-	3.72	3.18	0.28	3.46	0.26
y) Weigh Bridge	8.42	-	-	8.42	2.99	0.87	3.86	4.56
z) EHS Equipment	40.67	-	-	40.67	4.06	3.86	7.93	32.74
aa) Storage Drums	5.10	-	-	5.10	1.51	0.97	2.47	2.62
ab) Land	1,099.64	4.04	-	1,103.67	-	-	-	1,103.67
Total of (i)	54,380.17	6,349.50	92.62	60,637.04	14,278.91	2,940.19	17,183.82	43,453.22
ii) Leased Assets								
a) Leasehold Land & Green Field	-	-	-	-	-	-	-	-
	315.71	-	-	315.71	-	-	-	315.71
Total of (ii)	315.71	-	-	315.71	-	-	-	315.71
Total (i+ii)	54,695.88	6,349.50	92.62	60,952.75	14,278.91	2,940.19	17,183.82	43,768.92

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Gross Block				Depreciation / Amortisation				Net Block		
	As at 01.04.2016	Acquired through business combi- nations (refer note 48)	Additions	Deduction/ Adjustment during the year	Balance as at 31.03.2017	As at 01.04.2016	For the year [#]	Adjust- ments	Balance as at 31.03.2017	As on 31.03.2017	As on 01.04.2016
i) Owned											
a) Borewell	18.80	-	0.24	-	19.04	9.23	3.27	-	12.50	6.54	9.58
b) Building	8,629.57	-	1,336.05	-	9,965.61	1,361.23	286.02	-	1,647.25	8,318.36	7,268.34
c) Canteen Equipment	9.70	-	0.81	-	10.52	2.50	1.95	-	4.46	6.06	7.20
d) Computer	488.94	2.04	116.34	-	607.32	340.88	75.55	-	416.43	190.89	150.10
e) Network Server equipment	14.60	-	53.12	-	67.71	3.18	4.19	-	7.37	60.35	11.42
f) Electrical Installation	2,732.46	4.74	343.86	-	3,081.07	948.75	295.87	-	1,244.62	1,836.44	1,788.45
g) Empty Cylinders	4.67	-	-	-	4.67	4.18	0.06	-	4.24	0.42	0.49
h) ETP Building	469.52	-	96.33	-	565.85	118.44	16.13	-	134.57	431.28	351.08
i) ETP Machinery	343.00	-	196.03	34.24	504.79	88.83	17.83	(16.49)	90.17	414.62	254.17
j) Furniture	803.37	7.86	324.79	11.59	1,124.43	207.45	93.59	(0.16)	300.87	823.55	603.78
k) Generator	107.26	5.98	124.07	-	237.31	27.31	17.47	-	44.78	192.54	85.93
l) Lab Equipments	4,363.73	447.10	1,374.47	-	6,185.30	1,347.92	531.74	-	1,879.66	4,305.64	3,462.92
m) Office Equipment	56.17	5.66	38.39	-	100.22	19.13	14.10	-	33.23	66.99	42.69
n) P/M (Power Genera- tion Unit)	3,843.04	-	-	-	3,843.04	1,694.86	101.12	-	1,795.98	2,047.05	2,148.18
o) Pipeline	2,475.93	-	285.62	-	2,761.55	643.18	100.97	-	744.15	2,017.41	1,832.75
p) Plant & Machinery	19,808.68	-	3,554.08	35.72	23,327.04	4,536.80	940.79	(15.87)	5,461.72	17,865.32	15,271.88
q) Pollution Control Equip.	37.07	-	-	-	37.07	28.90	0.42	-	29.32	7.75	8.17
r) R & D Equipments	238.44	-	-	-	238.44	182.44	21.53	-	203.97	34.46	55.99
s) Storage Tank	108.27	-	24.03	-	132.30	29.21	4.74	-	33.94	98.36	79.06
t) Transformer	46.61	-	-	-	46.61	15.10	4.19	-	19.29	27.32	31.51
u) Unit-II Land & Build- ing	5.86	-	-	-	5.86	2.74	0.20	-	2.94	2.92	3.12
v) Vehicle	299.51	-	60.34	48.47	311.38	150.05	23.45	(31.31)	142.19	169.19	149.45
w) Vehical Electrical Operated	34.87	-	-	-	34.87	8.30	4.20	-	12.50	22.36	26.57
x) Xerox Machine	3.72	-	-	-	3.72	2.89	0.28	-	3.18	0.54	5.78
y) weigh bridge	8.42	-	-	-	8.42	2.11	0.87	-	2.99	5.43	1.35
z) EHS Equipement	39.06	-	1.61	-	40.67	0.30	3.76	-	4.06	36.61	38.76
aa) Storage Drums	3.06	-	2.04	-	5.10	0.78	0.73	-	1.51	3.59	2.28
ab) Land	774.45	-	3.12	-	777.57	-	-	-	-	777.57	774.45
Total of (i)	45,768.77	473.39	7,935.34	130.02	54,047.47	11,776.71	2,565.01	(63.84)	14,277.88	39,769.59	34,465.45
ii) Leased Assets	-	-	-	-	-	-	-	-	-	-	-
a) Leasehold Land & Green Field	261.61	322.07	54.09	-	637.77	-	-	-	-	637.77	583.68
Total of (ii)	261.61	-	-	-	637.77	-	-	-	-	637.77	583.68
Total of (i+ii)	46,030.39	795.45	7,989.43	130.02	54,685.25	11,776.71	2,565.01	(63.84)	14,277.88	40,407.37	35,049.13

[#] Depreciation for the current year 2017-18 includes Rs. 01.79 lakhs pre-operative depreciation (py. Rs. 0.36 lakhs)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

3. CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Machinery under erection	326.02	113.84	342.79
b) Projects under erection	10,190.16	7,302.29	7,494.34
c) Pre-operative expenses	2,584.09	1,365.03	1,072.27
TOTAL	13,100.27	8,781.16	8,909.40

4. INTANGIBLE ASSETS

Particulars	Gross Block			Depreciation / Amortisation			Net Block
	As at 01.04.2017	Additions	Deduction/ Adjustment during the year	Balance as at 31.03.2018	As at 01.04.2017	For the year Adjustments	Balance as at 31.03.2018 As on 31.03.2018
Computer software	250.53	566.81	-	817.34	89.45	90.17	179.61
DMF/ Patents Fees	786.91	409.73	6.00	1,190.64	177.54	88.43	265.77
Non-compete agreement	-	-	-	1,045.00	-	160.70	160.70
Total	1,037.44	976.54	6.00	3,052.98	266.99	339.30	606.08 2,446.89

Particulars	Gross Block					Depreciation / Amortisation				Net Block	
	As at 01.04.2016	Acquired through business combinations (refer note 48)	Additions	Deduction/ Adjustment during the Year	Balance as at 31.03.2017	As at 01.04.2016	For the year	Adjust- ments	Balance as at 31.03.2017	As at 31.03.2017	As at 01.04.2016
a) Computer software	186.04	-	78.47	3.35	261.16	56.19	34.32	-	90.51	170.65	129.85
b) DMF/ Patents Fees	704.83	-	83.27	1.19	786.91	111.35	66.19	-	177.54	609.37	603.48
c) Non compete Agreement	-	1,045.00	-	-	1,045.00	-	-	-	-	1,045.00	1,045.00
Total	890.87	1,045.00	161.74	4.54	2,093.07	167.54	100.51	-	268.05	1,825.02	1,778.33

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Software under installation	29.96	-	-
b) Product under development	6,581.79	4,795.00	4,795.00
c) DMF/ANDA Fees/Patents	387.19	74.63	28.46
Total	6,998.94	4,869.63	4,823.46

6. FINANCIAL ASSETS

(i) NON-CURRENT INVESTMENT

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Investments in Equity Instruments (Unquoted)			
I) In Subsidiary Companies			
i) 2000 (2000) of Euro 1.71 each - Zatortia Holdings Ltd, Cyprus	2,028.91	2,028.91	2,028.91
ii) 18,31,634 (18,31,634) of Rs 10/- each - Shilpa-Therapeutics (P) Ltd, Hyderabad	1,033.76	1,030.49	713.18
iii) 11,25,000 (11,25,000) Shares of Rs 10/- each - INM Technologies Pvt Ltd. Bangalore	112.50	112.50	112.50
iv) 100 (100) shares of 1 GBP each in Koanna Healthcare Limited, UK	0.10	0.10	0.10
v) Investment in Koanna Healthcare GmbH, Austria	77.63	77.63	-
vi) Share Application Money with Koanna Healthcare GmbH, Austria	75.22	75.22	-
II) In Associate Companies			
i) 1,00,000 (1,00,000) Equity Shares of Rs 10/- each - Reva Pharmachem (P) Ltd, Raichur	10.00	10.00	10.00
III) In Joint Venture Companies			
i) 8,70,755 (8,70,755) of Rs 10/- each- Raichem Medicare (P) Ltd, Raichur.	1,402.13	1,402.13	1,406.60
ii) 5,001 (5,001) Equity share of Rs 10/- each of Reva Medicare (P) Ltd., Raichur	0.50	0.50	0.50
b) Investments in Preference Instruments (Unquoted)			
I) In Subsidiary Companies			
i) 4,00,000(4,00,000) of Rs 10/- each - Shilpa Therapeutics (P) Ltd., Hyderabad.	40.00	40.00	40.00
ii) 3,25,37,670 (2,30,00,170) shares of Rs.10/- each- INM Technologies Pvt Ltd, Bangalore	3,253.76	2,300.02	1,535.44
iii) Share Application money for allotment of Preference share with INM Technologies Pvt Ltd, Bangalore	-	-	4.00

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
II) In Joint Venture Companies			
i) 1,85,00,000 (1,85,00,000) of Rs. 10/- each- Raichem Medicare Pvt. Ltd., Raichur	1,850.00	1,850.00	1,850.00
ii) 14,00,000 (1,400,000) Preferred Stock at par value of 0.0001 USD of MAIA Pharmaceuticals INC. USA	795.69	795.69	795.69
c) Investments in Common Stock (Unquoted)			
I) In Subsidiary Companies			
i) Investment in 18,92,308 (18,92,308) common stock @ par value of 0.001 of Makindus LLC, USA	454.20	908.35	908.35
d) In government securities (unquoted)			
i) Investment in National Savings Certificate.	0.20	0.20	0.20
	11,134.60	10631.74	9,405.47
Less: Provision for diminution in the value of investments	-	454.15	-
Net Amount of investments	11,134.60	10,177.59	9,405.47
Total value of unquoted investment	11,134.60	10,177.59	9,405.47
Aggregate value of unquoted investment	11,134.60	10,177.59	9,405.47

(ii) LOANS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Shilpa Therapeutics Pvt Ltd (Wholly owned subsidiary)	1,226.12	898.18	735.64
b) Raichem Medicare Pvt Ltd (Joint venture)	254.32	762.95	1,667.11
c) Koanna Healthcare GmbH-Austria (Wholly owned subsidiary)	1,276.60	348.98	-
d) Koanna Healthcare Limited - UK (Wholly owned subsidiary)	617.85	518.23	-
Total	3,374.89	2,528.34	2,402.75

(iii) OTHER FINANCIAL ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Security deposits (unsecured considered good)			
a) Electricity deposits	204.12	210.37	171.56
b) Rental deposits	26.98	26.75	31.67
c) Telephone deposits	0.67	0.66	0.60
d) Miscellaneous deposits	75.51	35.79	16.57
Total	307.28	273.57	220.40

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

7. OTHER NON-CURRENT ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Capital advances			
i) Unsecured, considered good	3,035.58	4,322.36	1,243.41
Less: Written-off	-	282.01	-
Total (a)	3,035.58	4,040.35	1,243.41
b) Others			
i) Income Tax paid under protest	43.33	43.33	173.28
ii) VAT on capital goods & others Item (Refer note 47)	41.78	48.27	48.27
iii) MAT credit entitlement benefit	3,248.71	2,491.21	1,827.00
iv) Prepaid expenses	2,483.44	474.67	483.05
v) Excise Duty	0.86	0.86	-
Total (b)	5,818.12	3,058.34	2,531.60
Total (a+b)	8,853.71	7,098.69	3,775.01

8. INVENTORIES

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Raw materials	10,515.96	6,848.58	6,462.03
b) Work-in-progress	1,814.25	6,038.53	3,814.81
c) Finished goods			
i) Finished goods	2,816.31	3,269.74	1,472.48
ii) Goods-in transit	0.04	10.40	-
iii) Stock-in-trade	44.56	77.04	43.28
d) Stores and spares	1,230.74	938.02	541.38
e) Packing materials	349.97	313.54	135.42
Total	16,771.83	17,495.85	12,469.40

9. FINANCIAL ASSETS

(I) CURRENT INVESTMENTS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Investment in mutual funds			
(i) HDFC mutual fund	356.48	331.18	307.14
(ii) ICICI prudential mutual fund	859.51	9,885.31	5,148.05
(iii) Franklin India low duration fund	356.37	329.38	298.90
(iv) SBI mutual fund	2,543.52	4,556.21	208.98
(v) Birla sun life mutual fund	894.14	2,244.64	-
(vi) Franklin India ultra short bond fund	5,530.46	5,115.53	-
(vii) Edelweiss arbitrage fund	403.40	-	-
(viii) Kotak equity arbitrage fund	504.89	-	-
(ix) Reliance arbitrage advantage fund	505.50	-	-
Total	11,954.27	22,462.25	5,963.07
Aggregate value of unquoted investments	11,954.27	22,462.25	5,963.07

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(II) TRADE RECEIVABLES (Refer note 51)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Unsecured considered doubtful	6.25	65.19	11.21
Less: Written-off	(6.25)	(65.19)	(11.21)
Total (a)	-	-	-
b) Unsecured, considered good	21,813.71	16,650.25	11,209.05
Total (b)	21,813.71	16,650.25	11,209.05
Total (a+b)	21,813.71	16,650.25	11,209.05

(III) CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
i) Cash on hand	16.48	18.63	34.79
ii) Balance with banks in current account	3,771.16	1,227.25	384.94
iii) Deposits with original maturity of less than 3 months	3,508.10	8,008.25	191.69
Total	7,295.74	9,254.13	611.42

(IV) OTHER BANK BALANCES

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Earmarked balances			
Unclaimed dividend accounts	18.69	55.46	16.91
Total	18.69	55.46	16.91

(V) LOANS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Unsecured, considered good			
(i) Zatortia Holdings Ltd (Wholly Owned Subsidiary)	1.21	1.04	1.13
(ii) Raichem Medicare Pvt Ltd (Joint Venture)	508.63	508.63	254.32
(iii) Reva Pharma Chem Pvt Ltd (Associate)	189.99	175.35	217.21
Total	699.83	685.02	472.66

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(VI) OTHER FINANCIAL ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Income accrued and due	98.39	48.04	40.14
(ii) CST receivable	117.73	116.46	53.87
(iii) Staff advance	109.12	63.55	35.94
(iv) Tender deposits	2.09	2.09	2.59
(v) Fixed deposits having maturity less than 12 months held as margin money	25.71	17.77	17.81
(vi) Interest accrued on fixed deposit	33.71	70.38	12.74
(vii) FPS/ MEIS licence in hand	197.73	449.23	-
(viii) Dividend accrued on preference shares (refer note no. 50)	975.52	592.90	276.59
Total	1,560.00	1,360.42	439.68

10. OTHER CURRENT ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) CENVAT Receivable	68.07	259.12	748.82
(ii) Service Tax Receivable	0.94	555.43	414.64
(iii) Prepaid Expenses	350.01	214.26	167.48
(vi) Advances to suppliers / Receivables	3,209.97	1,428.51	889.06
(v) CGST /IGST /SGST Receivable	1,012.91	-	-
Total	4,641.90	2,457.32	2,220.00

11. CURRENT TAX ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Income tax (Net)	562.32	11.35	206.50
Total	562.32	11.35	206.50

12. EQUITY SHARE CAPITAL

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Authorised Share Capital			
9,50,00,000 shares of ₹ 1/- each (P.Y. 9,50,00,000), (P.Y. 8,50,00,000), (₹ 1/- each)	950.00	950.00	850.00
	950.00	950.00	850.00
Issued, Subscribed & Fully Paid Up Capital			
Opening balance	801.27	771.02	771.02
Changes during the Year	14.00	30.25	-
Closing balance	815.27	801.27	771.02
Shares 815,26,899 face value of ₹ 1/- each (March 31, 2017 shares 801,26,904, face value of ₹ 1/- each) (April, 01,2016 shares 771,01,904 face value of ₹ 1/- each)			
Total	815.27	801.27	771.02

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

12 (a) Reconciliation of the number of shares.

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
	Nos	Amount	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	80,126,904	801.27	77,101,904	771.02	77,101,904	771.02
Add : Issued during the year	-	-	3,025,000	30.25	-	-
Add : Issued during the year on scheme of Amalgamation	1,399,995	14.00	-	-	-	-
Shares outstanding at the end of the year	81,526,899	815.27	80,126,904	801.27	77,101,904	771.02

12 (b) Rights, preference and restriction attached to each class of shares:

Equity shares:

The Company has only one class of equity shares having par value of Re. 1/- per share. Each holder of equity shares is entitle to one vote per share.

The Board of Directors have declared and paid interim dividend of Re. 0.70 (P.Y 0.60) per equity of face value of Re.1/- per share

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

12 (c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
	No of Shares held	% Holding	No of Shares held	% Holding	No of Shares held	% Holding
i) Vishnukant .C. Bhutada	80,86,012	9.92	80,86,012	10.09	85,63,101	11.11
ii) Kantadevi Inani	64,55,736	7.92	64,55,736	8.06	38,39,640	4.98
iii) Dharmavati Bhutada	62,07,796	7.61	62,07,796	7.75	41,42,766	5.37
iv) Tano Mauritius India FVCI II	61,79,506	7.58	61,79,506	7.71	71,79,506	9.31
v) Baring India Private Equity III Limited	60,00,000	7.36	60,00,000	7.49	60,00,000	7.78
vi) Kamalkishor Inani	48,23,828	5.92	48,23,828	6.02	37,48,828	4.86

12 (d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
1) Bonus Shares in the ratio of 2:1. i.e. for every 02 shares 1 share allotted as Bonus.	-	-	-	1,22,62,085	-

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

13. Other Equity

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Securities Premium Reserves	42,863.93	35,877.96	18,665.71
b) General Reserves	5,182.68	4,682.68	4,182.68
c) Retained Earnings	67,086.78	54,958.68	43,292.49
d) Other Comprehensive Income (OCI)			
i) Financial Instruments measured at Fair Value through OCI	(88.70)	(180.12)	-
ii) Remeasurement of defined benefit plan	(170.73)	(187.60)	(185.13)
e) Gain on Forfeiture of equity shares	8.76	8.76	8.76
f) Share Capital-Merger Scheme	-	6,999.97	6,997.97
Total	114,882.72	102,160.34	72,964.49

14. FINANCIAL LIABILITIES

(I) LONG TERM BORROWINGS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Term loans (Secured)			
i. From Banks (secured)			
a) External Commercial Borrowings (SCB)	6,707.67	9,117.93	-
Nature of Security			
a) ECB of USD 15 Million is taken from Standard chartered bank, London(SCB) and the said facility is secured by hypothecation of moveable and immovable fixed asset of SEZ unit and plant & machinery of Deosugur unit , including proposed capex created out of such loan and personal guarantees given by 02 of its Directors. The Company had entered into hedge contract with bank on the said facility.			
Terms of Repayment & Interest Rate:			
Repayment of ECB Loan from SCB have a moratorium period of 15 months and would be repayable in 16 quarterly installments with the final installment falling due at the end of the 60 th month from the date of grant of loan. The loan is repayable of Rs 62.34 million with fixed interest at 8.90% payable monthly.			
b) HSBC - Term Loan	-	5,000.00	-
Nature of Security			
a) Term loan of Rs 500 Million taken from HSBC,Bangalore and is secured by first pari passu charge on the fixed assets of Unit -I situated at Deosugur and Unit-II Chicksugur and personal guarantees given by 02 of its Directors.			

(Contd.)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Terms of Repayment & Interest Rate: Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 08 half yearly installments of Rs 62.50 million with the final installment falling due at the end of the January- 2022 Interest payable 01 year MCLR+0.50% per annum payable monthly. During the Current Year the company has repaid the availed loan amount outstanding and outstanding as on 31 st March, 2018 is “NIL”			
ii. From others (unsecured)			
a) Loan under SBIRI Scheme Loan from Department of Biotechnology , Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovation Research Initiative (SEBIRI). Terms of Repayment & Interest Rate: The loan is repayable is 10 equal yearly installment starting from 17.08.2013 of Rs 21.048 Lakhs with final installment falling due on 17.08.2022. Interest is payable @ 1% P.A on amount drawn up to Rs 100 Lakhs and @ 2% above Rs 100 Lakhs, same is payable in 02 equal installment after repayment of principal installment.	84.86	97.60	130.60
b) Loan under BIPP Scheme Loan from Department of Biotechnology , Ministry of Science and Technology New Delhi. Under BIPP scheme (Biotechnology Industry Partnership Programme). Terms of Repayment & Interest Rate: The Loan is repayable in 10 equal half yearly installment with moratorium period of 12 months after completion of project, Interest is payable @ 2% per annum payable half yearly.	18.19	32.72	73.75
Total	6,810.72	14,248.25	204.35

15. PROVISIONS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Provision for gratuity	457.86	501.81	390.00
b) Provision for leave encashment	50.49	53.53	41.59
Total	508.35	555.34	431.59

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

16. DEFERRED TAX LIABILITY (NET)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Deferred tax liability (Difference in tax base of property, plant, equipment and others)	9,598.27	8,904.19	7,560.24
Deferred tax asset (On account of disallowable items under Income Tax)	(242.89)	(254.57)	(147.11)
Total	9,355.38	8,649.62	7,413.13

17. OTHER NON-CURRENT LIABILITY

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Interest rate swap	-	-	13.36
(ii) Capital subsidy	172.54	195.64	180.84
(iii) Corporate guarantee liability	16.50	36.14	70.92
(iv) Cross currency swap	293.44	429.33	-
Total	482.48	661.11	265.12

18. FINANCIAL LIABILITY

(I) BORROWING

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
<u>Secured Loan</u>			
i) Working capital loan.			
From Banks			
(i) Standard chartered bank	-	600.38	816.09
(ii) Standard chartered bank [refer note 'a' & 'e'(i) below]	6,486.24	4,167.93	3,246.52
(iii) Citi Bank [refer note 'b' & 'e'(ii) below]	2,808.38	4,035.79	2,896.76
(iv) HSBC [refer note 'c' & 'e'(iii) below]			
(v) Axis Bank [refer note 'd' & 'e'(iv) (v) below]			
<u>Nature of Security</u>			
a) Working capital loan from Standard chartered bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors			
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors. The sanction facility is interchangeably as PCFC/Cash Credit and applicable interest will be charged.			

(Contd.)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
c) Working capital loan of Rs 100 million sanction from HSBC has not been availed during the year, and it is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors			
d) Working capital loan of Rs 100 million from Axis Bank Raichur has not been availed and it is secured by first pari passu charge on current assets present and future, and charge on movable & immovable fixed assets situated at Unit -1 Deosugar in line with other working capital lenders and personal guarantee of 02 Directors .			
e) Interest rate as at March 31, 2018 is as under:			
(i) On PSFC/PCFC - Libor + 0.70%			
(ii) On PSFC/PCFC - Libor + 0.75%			
(iii) On overdraft - MCLR+0.95%			-
(iv) On overdraft - 03 months MCLR+0.75%			
(v) PCFC/ PSFC- Libor + bench mark rate			
Total	9,294.62	8,804.10	6,959.37

(II) TRADE PAYABLES (refer note no 46 & 51)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Trade payables	9,886.47	9,891.32	9,213.55
(ii) Trade payables-others	619.92	500.09	617.95
Total	10,506.39	10,391.41	9,831.50

(III) OTHER FINANCIAL LIABILITY

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Current maturities of long-term debt	2,480.81	652.91	1,658.28
(ii) Interest accrued but not due on borrowings	76.53	63.24	0.67
(iii) Unclaimed dividends	17.77	18.15	15.32
(iv) Employee benefit liability	1,753.80	1,161.99	757.22
(v) Books overdraft	-	41.67	458.73
(vi) Interim dividend payable	0.92	37.31	1.59
(vii) Others	1.94	8.10	13.53
Total	4,331.77	1,983.37	2,905.34

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

19. OTHER CURRENT LIABILITY

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Advances from customers	57.69	102.99	146.26
(ii) Tax deduction at source	537.52	345.27	264.13
(iii) Service tax	-	4.94	5.44
(iv) VAT, Entry Tax ESI & Profession Tax	6.12	12.27	8.27
(v) Security Trade Deposit	11.00	11.00	14.54
(vi) Provident fund payable	66.34	55.01	50.39
(vii) Unclaimed Bonus & Salary	33.74	5.44	-
Total	712.41	536.92	489.03

20. Provision

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Provision for Expenses	256.75	254.75	390.76
Total	256.75	254.75	390.76

21. REVENUE FROM OPERATIONS

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
i) Sales of Products	68,392.37	66,988.34
ii) Sales of FPS / MEIS Licences	1,867.33	1,753.89
iii) Energy Sales	532.97	482.32
Total	70,792.67	69,224.55
Abstract		
a) Bulk Drugs / Intermediates	57,853.13	61,035.92
b) Formulation	8,908.67	4,543.35
c) FPS/ MEIS Licenses	1,867.33	1,753.89
d) Power	532.97	482.32
e) Trading	955.48	924.12
f) Others	675.09	484.95
Total	70,792.67	69,224.55

22. OTHER OPERATING REVENUES

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Product development revenue	3,601.93	4,565.35
Total	3,601.93	4,565.35

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

23. OTHER INCOME

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(i) Interest on :		
a) Deposit with bank	172.67	16.25
b) Others	309.72	371.61
(ii) Liabilities written back	42.26	20.92
(iii) Provisions written back	0.69	1.63
(iv) Income from sale of carbon credits (Net)	0.87	0.65
(v) Dividend on current investments	22.31	9.18
(vi) Entry tax refund	-	19.47
(vii) Interest rate swap on ECB	-	13.36
(viii) Gain on Investment in Mutual Fund	1,286.54	998.06
(ix) Corporate Guarantee Fees	19.64	30.30
(x) Government grant	56.24	37.43
(xi) Dividend on preference shares	382.64	316.30
(xii) Miscellaneous	37.95	153.16
Total	2,331.53	1,988.32

24. COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Inventory at the beginning of the year	7,162.13	6,597.44
Add: Purchases	33,571.76	40,772.53
Less: Inventory at the end of the year	10,865.93	7,162.13
Cost of raw materials and packing materials consumed	29,867.96	40,207.84
Material consumed comprises of :		
i) Raw material	29,537.53	39,903.59
ii) Packing material	330.43	304.25
Total	29,867.96	40,207.84

25. PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Purchase of Medicines / Bulk Drugs/ Others	586.46	736.49
Total	586.46	736.49

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Opening inventories		
(i) Finished goods	3,357.18	1,515.76
(ii) Work-in-progress	6,038.54	3,814.81
Closing inventories		
(i) Finished goods	2,860.85	3,357.18
(ii) Work-in-progress	1,814.25	6,038.54
(Increase) / decrease in inventory	4,720.59	(4,065.15)

27. EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(i) Salaries, wages and bonus	10,535.32	8,512.01
(ii) Contribution to provident fund/ gratuity and other funds	599.53	511.51
(iii) Staff welfare expenses	173.26	129.30
Total	11,308.11	9,152.82

28. FINANCE COSTS

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Interest expense on :		
(i) Working capital facility	192.87	219.84
(ii) Term loans	-	44.45
(iii) Others	19.34	15.17
Total	212.21	279.46

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Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

29. OTHER EXPENSES

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(a) Power and fuel	2,700.44	2,455.81
(b) Repairs and maintenance		
(i) Buildings	256.71	354.10
(ii) Plant and machinery	1,277.31	1,112.90
(iii) Others	163.99	68.15
(c) Rent	154.68	172.72
(d) Exchange Loss / (Gain) Net	(1,120.59)	(993.77)
(e) Rates and taxes,	64.51	54.46
(f) Insurance	107.13	75.71
(g) Travelling and conveyance	248.67	199.68
(h) Contractor labour charges	884.93	674.72
(i) Legal & Professional fees	363.38	414.51
(j) Facility fees	258.72	214.86
(k) Payments to auditors (refer note no 40)	15.50	16.82
(l) Research and development expenses	2,345.28	2,304.55
(m) Transportation charges	243.00	230.98
(n) Brokerage and Commission	165.79	146.28
(o) Job work charges	16.23	8.40
(p) Directors Sitting Fees	2.31	2.90
(q) Sales Promotion & Advertisement	66.58	54.45
(r) Bad Debts / Advance Written-off	20.51	79.00
(s) Clearing and forwarding expenses	355.48	236.21
(t) (Profit) Loss on sale /Discard of Assets.	17.30	3.74
(u) VAT/ Entry tax	12.26	14.35
(v) CSR Expenses	245.64	193.07
(w) Capital advances written-off	-	282.01
(x) Miscellaneous Expenses	873.39	694.22
Total	9,739.15	9,070.83

30. EXCEPTIONAL EXPENSES /(INCOME)

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Impairment in value of investments in subsidiary	-	454.15
Total	-	454.15

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

31. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(i) Foreign letter of credit	368.60	530.31
(ii) Bank guarantees / Corporate guarantee*	10,712.86	10,693.86
(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	5,922.37	1,798.05
(iv) Others	160.49	160.49
Total	17,164.32	13,182.71

* The outstanding Liability against the Corporate Guarantee given for one of its Joint Venture is Rs.5578.51 lakhs (PY 7,501.14 Lakhs).

32. EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLAN

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Defined contribution plans		
Provident Fund	387.57	349.39
Movement of present value of the defined benefit obligation		
Defined Benefit Plan (Gratuity)		
i) Change in defined benefit obligation		
Obligations at year beginning	691.17	552.91
Service cost	141.44	102.15
Interest on defined benefit obligation	50.79	44.23
Benefits settled	(9.62)	-
Actuarial (gain)/loss	(37.20)	(8.12)
Obligations at year end	836.58	691.17
ii) Change in plan assets	162.92	162.92
Plans assets at year beginning, at fair value	-	-
Adjustment to opening fund	-	-
Expected return on plan assets	11.70	11.91
Actuarial gain/(loss)	(11.41)	(11.91)
Employer contribution	-	-
Benefits payout	(9.61)	-
Plans assets at year end, at fair value	153.60	162.92
iii) Amount recognized in the balance sheet		
Closing BPO	836.58	691.17
Closing fair value of plan assets	153.60	162.92
Net asset/(liability) recognized in the balance sheet	682.98	528.25
iv) Expenses recognized in the statement of P & L account		
Service cost	141.44	102.16
Interest cost	50.79	44.23
Expected return on plan assets	(11.70)	(11.91)

(Contd.)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Expenses recognised in the statement of Other Comprehensive Income		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(28.96)	-
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	126.61	62.36
Actuarial (Gain) / Losses due to Experience on DBO	(134.83)	(66.67)
Return on Plan Assets (Greater) / Less than Discount rate	11.40	11.91
Total actuarial (gain) / loss included in OCI	(25.78)	7.60
v) Assets Information		
i) Insured (fund is managed with Life Insurance Corporation of India)	153.60	162.92
%	18.36	23.57
ii) Non fund based (Company manages at its own)	682.98	528.25
%	81.64	76.43
vi) Principal actuarial assumptions		
Interest rate		
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.40%	7.00%
Expected rate of return on assets	7.40%	7.00%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10.00%	8.00%
Attrition rate of employees	8.00%	5.00%
Retirement age of employees (Years)	58	58
Actuarial gain / loss is recognized immediately. The estimates of salary increase, inflation, promotion, seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.		

Sensitivity Analysis

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
	Decrease	Increase	Decrease	Increase
Discounted rate	8.02	9.24	8.50	9.37
Salary increase	6.99	7.64	7.39	7.40
Attrition rate	1.84	2.05	1.08	2.05

Sensitivity of signification actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points keeping all other actuarial assumption constant.

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

33. FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	As at 31 st March, 2018				As at 31 st March, 2017			
	Carrying Amount	Level of Input used in (Fair value)			Carrying Amount	Level of input used in (Fair value)		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level-3
FINANCIAL ASSETS								
I. At Amortized Cost								
Non-current investments	11,134.60	-	-	-	10,177.59	-	-	-
Loans	4,074.72	-	-	-	3,213.36	-	-	-
Trade receivables	21,813.71	-	-	-	16,650.25	-	-	-
Cash & bank balances	7,295.74	-	-	-	9,254.13	-	-	-
Other bank balances	18.69	-	-	-	55.46	-	-	-
Other financial assets	1,867.29	-	-	-	1,633.98	-	-	-
Total	46,204.75	-	-	-	40,984.77			
II. At FVTPL								
Current investment	-	11,9554.27	-	-	-	22,462.25	-	-
	-	11,954.27	-	-	-	22,462.25	-	-
FINANCIAL LIABILITIES								
Borrowings	9,294.62	-	-	-	13,804.10	-	-	-
Trade payables	10,506.36	-	-	-	10,391.41	-	-	-
Other financial liabilities	1,850.96	-	-	-	1,330.46	-	-	-
	21,651.94	-	-	-	25,525.97	-	-	-
III. At FVTOCI								
Borrowings	-	-	6,810.72	-	-		9,248.25	
Other financial liabilities	-	-	2,480.81	-	-		652.91	
	-	-	9,291.53	-	-		9,901.16	

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation technique used to determine fair value:

- 1) The use of quoted market prices or dealer quotes for similar instruments
- 2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- 3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

34. FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The Company's focuses on minimizing potential adverse effect on its financial performance

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liabilities may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	USD	EURO	GBP	USD	EURO	GBP
Loan	-	15.86	6.70	-	5.06	6.41
Trade receivables	164.67	11.86	0.11	102.78	7.02	-
Cash and cash equivalents	0.09	-	-	9.21	-	-
Short-term borrowings	(128.72)	-	-	(126.52)	-	-
Trade payables	(105.62)	(0.06)	(0.01)	(119.50)	-	-
Net foreign currency risk	(69.58)	27.66	6.80	(134.03)	12.08	6.41

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
USD-Sensitivity				
Increase by 1% (loss)	(45.26)	(86.90)	-	-
Decrease by 1% gain	45.26	86.90	-	-
Euro-Sensitivity				
Increase by 1% gain	22.30	3.50	-	-
Decrease by 1% (loss)	(22.30)	(3.50)	-	-
GBP-Sensitivity				
Increase by 1% gain	6.28	5.17	-	-
Decrease by 1% (loss)	(6.28)	(5.17)	-	-

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed/variable interest rate on long/short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period year ended March 31, 2018 and March 31, 2017, respectively.

Particulars	31 st March, 2018	31 st March, 2017
Change in 0.50% interest on WCL	41.86	44.02

Note :

1. The Company has hedge ECB loan availed from Standard chartered bank. Therefore not subject to interest risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.
2. Interest on term loan from HSBC is not considered for interest rate risk as interest on such term loan is capitalized till the assets are put to use and are not charged to profit & loss account.

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is control by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered, under letter of credit the maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Two customer are accounted for more than 10% of the trade receivable as of March 31, 2018 and March 31, 2017. Since the Company is dealing with the said customers from past several years, hence there is no concordant risk in dealing with said customers.

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	31 st March, 2018	31 st March, 2017
Impairment loss recognized-trade receivable	6.25	79.00
%	0.03	0.47

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	On Demand	< 01 year	01 to 05 years	> 05 years
Short term borrowings	8,372.23	-	-	-
Long term borrowings	-	2,480.81	6,810.72	-
Trade and other payables	-	10,506.36	-	-
Total	8,372.23	12,987.17	6,810.72	-

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	On Demand	< 01 year	01 to 05 years	> 05 years
Short term borrowing	8,804.10	-	-	-
Long term borrowings	-	-	14,248.25	625.00
Trade and other payable	-	10,391.41	-	-
Total	8,804.10	10,391.41	14,248.25	625.00

35. CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Total equity attributable to the equity shareholders of the Company	115,697.99	102,961.61
As a percentage of total capital		
Long-term borrowings	6,810.72	14,248.25
Short-term borrowings	8,372.23	8,804.10
Total Debts	15,182.95	23,052.35
Net Debt to Equity Ratio	0.13	0.22

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

36. EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Profit for the year after OCI	13,432.19	12,562.23
Shares		
Weighted average shares used for computing basic EPS	80,533,478	77,897,520
Weighted average shares used for computing diluted EPS	80,533,478	77,897,520
Earning Per Shares		
Basic (in Rs)	16.68	15.68
Diluted (in Rs)	16.68	15.68

37. RESEARCH AND DEVELOPMENT EXPENSES ELIGIBLE FOR WEIGHTED DEDUCTION UNDER INCOME TAX ACT 1961

Particulars	For the year ended 31 st March, 2018			For the year ended 31 st March, 2017		
	Raichur Facility	Vizag Facility	Hubli Facility	Raichur Facility	Vizag Facility	Hubli Facility
A) ELIGIBLE EXPENSES						
a) Capital Expenditure	421.08	91.93	544.10	215.13	223.52	505.05
b) Revenue Expenditure						
i) Employee cost	909.02	1,365.31	512.94	802.25	1071.21	149.22
ii) Research & Development expenses	196.83	964.04	131.88	177.71	635.60	106.11
iii) Equipment Maintenance	86.74	59.27	49.31	66.37	59.00	21.22
iv) Power & Fuel	-	90.11	25.89	17.44	105.80	14.76
v) Lease Rent	-	94.00	10.14	-	98.00	10.14
vi) Other Expenses	155.85	83.34	41.25	24.89	124.10	31.50
Total	1,769.52	2,748.00	1,315.51	1303.79	2317.23	838.00
Less : Revenue Income	-	3.50	-	0.00	340.00	25.00
Total (A)	1,769.52	2,744.50	1,315.51	1303.79	1977.23	813.00
B) IN-ELIGIBLE EXPENSES						
a) Revenue Expenditure						
i) Misc. Expenses	18.71	206.82	39.26	14.40	131.96	119.51
ii) Depreciation	161.66	205.34	278.86	137.49	188.76	62.35
	180.37	412.16	318.12	151.89	320.72	181.86
b) Capital Expenditure	-	2.26	36.71	11.75	1.11	1.93
Total (B)	180.37	414.42	354.83	163.64	321.83	183.79
Total (A+B)	1,949.89	3,158.92	1670.34	1467.43	2299.06	996.79

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

38. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a Company, has to spend 2% of its average net profits of three immediate preceding financial year. The Company has formed trust by name 'Shilpa Foundation' to commit the expenditure. under the various activity like pure and safe drinking water, Orphanage home, Education promotion, Hospital /Medical facility, Swatch bharat, Green project with local bodies/NGO to make eco-friendly environment.

(Rs in Lakhs)

Particulars	For the year 2017-18	For the year 2016-17
Gross amount required to be spent	293.91	245.63
Construction/acquisition of any asset	-	-
Amount spent / transfer to trust during the year	245.63	327.28

The Company has transferred Rs. 245.63 Lakhs (327.28) lakhs to "Shilpa Foundation". The amount of earmarked fund is insufficient to kick start the project, the committee has set aside the fund to take up the project when sufficient fund are available for initiating the project.

39. RECONCILIATION OF TAX EXPENSES

(i) Income tax

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Current tax on profit for the year	3,494.19	3,535.05
MAT Credit Entitlement	(757.51)	(664.20)
Origination and reversal of temporary differences	687.96	1,237.80
	3,424.64	4,108.65
Amount recognized in statement of profit & loss account	16,748.54	16,853.47
Tax at enacted tax rate in India C.Y. @ 34.608% (P.Y. 34.608%)	5,796.34	5,832.65
Weighted deduction on research and development expenditure	(1,376.36)	(1,600.15)
Exempt income and other deductions (net)	(1,130.33)	(513.30)
Non-deductable expense	143.65	375.12
Others	(8.66)	14.33
	3,424.64	4,108.65

(II) Recognized deferred tax assets and liabilities

Movement of Deferred Tax Assets/Liabilities	As at 31 st March, 2018	As at 31 st March, 2017
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	9,160.73	8,262.45
Investments recognized at (Fair Value Through P&L)	417.99	413.74
Others	19.55	228.00
Gross Deferred Tax Liabilities	9,598.27	8,904.19
Deferred Tax Assets		
Defined benefit obligations (Through Profit & Loss)	236.37	173.66
Employees benefit liability (Through Profit & Loss)	17.47	18.53
Cross Currency Swap (Through Profit & Loss)	(10.96)	62.38
Gross Deferred Tax Assets	242.88	254.57
Net Deferred Liabilities	9,355.38	8,649.62

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Movement in deferred tax assets/deferred tax liabilities	As at 01 st April, 2017	Recognised in statement of profit and loss	Recognised in OCI	As at 31 st March, 2018
Deferred tax asset				
Defined benefit obligations	173.66	62.70	-	236.37
Employees benefit liability	18.53	(1.05)	-	17.47
Corss Currency Swap	62.38	-	(73.33)	(10.95)
Deferred tax Liability				
Property, plant and equipment, and intangible assets	8,262.45	898.27	-	9,160.73
Investments recognised at fair value	413.74	4.25	-	417.99
Others	228.00	(208.44)	-	19.55
Net deferred liability recognised	8,649.62	632.43	73.33	9,355.38

40. PAYMENTS TO AUDITORS:

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Statutory Audit	15.50	9.32
Tax Audit	-	3.50
Certification	-	4.00
Reimbursement of expenses	0.34	-
Total	15.84	16.82

Note: Excluding applicable tax.

41. SEGMENT INFORMATION

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of “pharmaceutical products”. In accordance with the provision of Ind AS -108 power segment in not falling in the prescribed limits specified, hence segment reporting is not applicable

(a) Information about Products and Services:

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Pharmaceutical product and services	68,392.41	66,988.39
Power sales	532.97	482.32
others	1,867.33	1,753.89
Total	70,792.71	69,224.60

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(b) Information about geographical areas

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(i) Revenue		
(A) Within India	32,185.33	26,908.69
(B) Outside India		
(i) USA	11,227.61	6,214.01
(ii) Europe	25,919.79	36,740.97
(iii) ROW	5,061.87	3,901.23
Total	74,394.60	73,764.90

(ii) Non-current assets

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Within India	77,821.79	65,634.93

Note: Non-current assets excludes financial assets.

(c) Information about major customer

The Company has two customers who contributed more than 10% of the Company's total revenue during the current and previous year

42. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

The disclosures regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December 2016 as defined in MCA notification G.S.R. 308 dated March 30, 2017, details of Specified Bank Notes (SBN) are as below.

Particulars	Specified Bank Notes#	Other denomination	Total
Closing cash in hand as on November 8, 2016	3.80	7.27	11.07
(+) Permitted receipts	-	33.32	33.32
(-) Permitted payments	-	26.30	26.30
(-) Amount deposited in Banks	3.80	-	3.80
Closing cash in hand as on December 30, 2016	-	14.29	14.29

Specified Bank Notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

43. OPERATING LEASE

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Not later than one year	52.40	16.71
Later than one year and not later than five year	150.23	66.88
Later than five years	2,319.45	380.35
Total	2,522.08	463.94

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March , 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(b) Building

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Not later than one year	102.00	98.00
Total	102.00	98.00

44. FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Earning in foreign currency

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Products & Services	42,209.26	46,856.20
Others	50.34	55.40
Total	42,259.60	46,911.60

(ii) Expenditure in foreign currency

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Import of raw materials	24,857.17	31,335.64
Others	1,670.19	3,161.42
Total	26,527.36	34,497.06

(iii) Dividend remitted in foreign currency.

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(a) Number of shareholders	1	1
(b) Number of equity shares held		
(i) 2016-17		60,00,000
(ii) 2017-18	60,00,000	-
(c) Amount of Dividend Paid		
(i) 2016-17		36.00
(ii) 2017-18	42.00	-

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

45. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during current year are listed below ;

List of Related Parties

1. Associates

- a) Reva Pharmachem Pvt. Ltd.

2. Subsidiaries

- a) Zatortia Holdings Ltd. (Wholly- owned Subsidiary)
- b) Loba Feinchemie GmbH- (Step-down Subsidiary)
- c) Shilpa Therapeutics Pvt. Ltd. (Wholly- owned Subsidiary)
- d) INM Technologies Pvt. Ltd. (Subsidiary)
- e) INM Nuvent Paint Pvt Limited ((Step-down Subsidiary)
- f) Koanna Healthcare Ltd. (Wholly- owned Subsidiary)
- g) Koanna Healthcare Ltd. (Wholly- owned Subsidiary)
- h) Makindus LLC. (Subsidiary)

3. Joint Venture (JV)

- a) Maia Pharmaceuticas INC.
- b) Raichem Medicare Pvt. Ltd.
- c) Reva Medicare Pvt. Ltd.

4. (i) Key Management Personnel-(KMP)

- a) Omprakash Inani - Chairman
- b) Vishnukant C. Bhutada - Managing Director
- c) Vimal Kumar Shrawat - Chief Operating Officer
- d) Rajendra Dugar - Chief Financial Officer (Resigned)
- e) Sushil Bajaj - Chief Financial Officer
- f) Madhusudhan Reddy - Company Secretary

(ii) Remuneration paid to other Directors

- a) Ajeet Singh Karan-Independent Director
- b) Carlton Felix Pereira-Independent Director
- c) Pramod Kasat-Independent Director
- d) Rajender Sunki Reddy-Independent Director
- e) N.P.S Shinh-Independent Director
- f) Namrata Bhutada-Non-Executive Director

5. Relatives

- a) Deepak Kumar Inani
- b) Keshav Bhutada
- c) Madhav Bhutada
- d) Triveni Inani

6. Enterprises having common Directors/ Board of Trustees

- a) Shilpa Foundation
- b) Mohini Infra (P) Ltd

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2017 to March 2018	Balance as at 31 st March, 2018	April 2016 to March 2017	Balance as at 31 st March, 2017
				(Income) / Expenses Other Transaction	Payable / (Receivable)	(Income) / Expenses Other Transaction	Payable / (Receivable)
Remuneration paid to Key Management Personnel							
i)	Omrakash Inani	Chairman	Sitting fees	0.40	-	0.40	-
ii)	Vishnukant.C. Bhutada	Managing Director	Salary and perquisites*	805.49	426.69	805.50	418.95
iii)	Vimal Kumar Shrawat	Chief Operating Officer	Salary and perquisites	154.08	13.56	137.85	10.82
iv)	Rajendra Dugar	Chief Financial Officer	Salary and perquisites	22.55	-	17.04	2.04
v)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	17.58	1.50	-	-
vi)	Madhusudhan Reddy	Company Secretary	Salary and perquisites	5.46	0.40	4.62	0.31
vii)	N.C Bhandari	Chief Financial Officer	Salary and perquisites	-	-	7.69	-
viii)	Sunjani Vasireddy	Company Secretary	Salary and perquisites	-	-	0.90	-
Remuneration paid to other Directors							
i)	Ajeet Singh Karan	Independent Director	Sitting Fees	0.40	-	0.40	-
ii)	Carlton Felix Pereira	Independent Director	Sitting Fees	0.40	-	0.40	-
iii)	Pramod Kasat	Independent Director	Sitting Fees	0.40	-	0.30	-
iv)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.20	-	0.30	-
v)	N.P.S Shinh	Independent Director	Sitting Fees	0.30	-	0.30	-
vi)	Namrata Bhutada	Non-Executive Director	Sitting Fees	0.30	-	0.40	-
Relative							
i)	Deepak Kumar Inani	Relative to Chairman	Salary	31.32	8.02	22.14	1.30
ii)	Keshav Bhutada	Relative to Managing Director	Salary	10.18	1.45	5.38	0.73
iii)	Madhav Bhutada	Relative to Managing Director	Salary	10.18	1.45	5.38	0.73
iv)	Keshav Bhutada	Relative to Managing Director	Rent	3.60	0.81	0.90	-
v)	Madhav Bhutada	Relative to Managing Director	Rent	3.60	0.81	0.90	-
vi)	Triveni Inani	Relative to Chairman	Rent	2.55	0.57	-	-

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2017 to March 2018	Balance as at 31 st March, 2018	April 2016 to March 2017	Balance as at 31 st March, 2017
				(Income) / Expenses Other Transaction	Payable / (Receivable)	(Income) / Expenses Other Transaction	Payable / (Receivable)
	Others						
i)	Koanna Healthcare GmbH, Austria	Wholly owned Subsidiary					
			Sales of product/others	(447.29)	-	(485.52)	-
			Interest	(23.80)	-	(2.74)	-
			Purchases of goods	0.60	-	-	-
			Loan	-	(1,276.61)	-	(348.98)
			Trade Receivable	-	(933.84)	-	(486.55)
			Trade Payable	-	0.60	-	-
ii)	Koanna Healthcare Ltd, United kingdom	Wholly owned Subsidiary					
			Interest	(26.54)	-	(28.45)	-
			Loan	-	(617.85)	-	(518.22)
iii)	Shilpa Therapeutics Pvt. Ltd.	Wholly owned Subsidiary					
			Purchases of goods	11.61	-	6.22	-
			Sales of product/others	(55.76)	-	-	-
			Interest	(87.63)	-	(69.49)	-
			Dividend on preference shares	(3.20)	-	(3.20)	-
			Dividend accrued on preference shares	-	(12.80)	-	(9.60)
			Trade Receivable	-	(55.76)	-	-
			Loan	-	(1,226.12)	-	(918.68)
			Trade Payable	-	12.65	-	-
iv)	Zatortia Holdings Limited	Wholly owned Subsidiary					
			Advances	-	(1.21)	-	(1.04)
v)	INM Technologies Pvt. Ltd.	Subsidiary					

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2017 to March 2018	Balance as at 31 st March, 2018	April 2016 to March 2017	Balance as at 31 st March, 2017
				(Income) / Expenses Other Transaction	Payable / (Receivable)	(Income) / Expenses Other Transaction	Payable / (Receivable)
			Purchases of goods / service	468.23	-	20.33	-
			Expenses incurred on behalf of the related party	0.75	-	(18.09)	-
			Sales	(14.48)	-	-	-
			Dividend on preference shares	(212.95)	-	(146.60)	-
			Dividend accrued on preference shares	-	(403.51)	-	(190.58)
			Trade Payable	-	250.15	-	-
vi)	Loba Feinchemie GmbH.	Step-down Subsidiary	Sales	-	-	-	-
			Expenses incurred on behalf of the related party	(7.57)	-	(14.39)	-
vii)	Raichem Medicare Pvt. Ltd.	Joint Venture	Purchases of goods	85.29	-	4,001.70	-
			Sales of product / others	(645.26)	-	(2,644.96)	-
			Interest	(142.36)	-	(236.80)	-
			Dividend on preference shares	(166.50)	-	(166.50)	-
			Dividend accrued on preference shares	-	(559.20)	-	(399.70)
			Trade receivable	-	(4,986.10)	-	(3,081.51)
			Loan	-	(762.95)	-	-
			Corporate Guarantee to Banks **	-	(10,493.80)	-	(10,493.80)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2017 to March 2018	Balance as at 31 st March, 2018	April 2016 to March 2017	Balance as at 31 st March, 2017
				(Income) / Expenses Other Transaction	Payable / (Receivable)	(Income) / Expenses Other Transaction	Payable / (Receivable)
viii)	Reva Pharmachem Pvt. Ltd.	Associate	Sales	-	-	(14.19)	-
			Commission	13.30	-	13.00	-
			Expenses Reimbursement	(3.00)	-	(3.00)	-
			Interest	(16.27)	-	(20.15)	-
			Loan	-	(189.99)	-	(175.00)
ix)	Reva Medicare Pvt. Ltd.	Joint Venture	Commission*	32.24	-	-	-
			Trade Payable	-	15.59	-	-
x)	Maia Pharmaceuticals INC. USA	Joint Venture	Trade Receivable	-	(156.93)	-	(156.44)
	Others						
i)	Shilpa Foundation	Trust in which key management personnels are Trustees		245.64	-	327.98	-
ii)	Mohini Infra (P) Ltd	Company in which key management personnels are Directors		7.12	3.83	26.30	-

Note

a) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

* payable includes commission provision (net of TDS)

** the outstanding liabilities against corporate guarantee given to banks on behalf of Raichem Medicare Pvt. Ltd. is for the financial year ended 31.03.2018 is Rs.5578.51 (P.Y. 7501.14)

46. A sum of Rs. 278.26 lakhs is payable to Micro, Small and Medium Enterprises as at 31st March, 2018 (Rs. 185.31 lakhs as at 31st March, 2017). There are no Micro, Small and Medium Enterprises, to whom the Company owes, which are outstanding for more than 45 days during the year and also as at 31st March, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties has been identified on the basis of information available with the Company and relied upon by the Auditors.

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

47. Out of the sum of Rs 41.78 lakhs (P.Y 48.27) the Company is in the process of filing appeal before the Karnataka Appellate Tribunal for refund of input tax paid on Capital Goods amounting to Rs.26.48 lakhs (PY: Rs.26.48) lakhs and Rs. 2.43 Lakhs paid on regular consumable items which in its opinion are allowable under the Act, however disallowed by the assessing authority under Karnataka Value Added Tax Act, 2003 The same is shown under note 07b(ii)
48. Navya Biological Pvt. Ltd. Hubli has been merged with the Company with effect from 1 April 2016. A petition for sanctioning the scheme of merger has been filed with the “National Company Law Tribunal (NCLT), Bengaluru Bench, Bengaluru”. The scheme has been approved by NCLT vide their order dated 24/11/2017 with effective date 01.04.2016. The consideration of merger has been paid in the form of equity shares 1399994 at face value of Rs 1/- each.

The Purchase price allocation as per Ind AS 103 Business Combination has resulted into recognition of following assets and liabilities:

Particulars	Acquired at fair value	Acquired at amortized cost	Total
Non- Current Assets			
Property, plant & equipment.	795.45	-	795.45
Intangible assets	1,045.00	10.00	1055.00
Intangible assets under development	4,795.00	-	4795.00
Current Assets			
(a) Inventories	-	3.52	3.52
(b) Financial assets			
(i) Trade receivables	-	11.53	11.53
(ii) Cash and cash equivalents	-	62.24	62.24
(iii) Others financial assets	-	64.45	64.45
(iv) Other current assets	-	6.82	6.82
Total Assets	6,635.45	158.56	6794.01
Non Current Liability			
(i) Deferred Tax Liabilities	2,123.48	-	2123.48
Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	243.90	-	243.9.
(ii) Trade payables	-	11.84	11.84
(iii) Other financial liabilities	-	13.53	13.53
(b) Other current liabilities	-	18.00	18.00
(c) Provisions	-	36.36	36.36
Total Liabilities	2,367.38	79.73	2447.11
Net Assets	4,268.07	78.83	4346.90

Calculation of goodwill

Consideration transferred	6999.97
Less: Net assets acquired	(4346.90)
Goodwill	2653.07

49. Equity shares allotted during Current Year 1,399,994 (Previous Year 3,025,000) are considered for computing weighted EPS.
50. Preference shares dividend from Subsidiaries and Joint ventures amounting to Rs.276.58 lakhs has not been recognised in the earlier to previous financial year. Effect of such cumulative preference dividend has been shown as “Prior period error” under the head “Other Equity”.

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

51. Balances of trade receivables/trade payables/advances and security deposits are subject to confirmation.
52. Figures of the previous year have been regrouped/rearranged wherever necessary.

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

INDEPENDENT AUDITOR'S REPORT

To
The Members of Shilpa Medicare Limited.

Report on Consolidated Financial Statements:

We have audited the accompanying consolidated Ind AS financial statements of SHILPA MEDICARE LIMITED (hereinafter referred to as the Holding Company), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') its associates and joint ventures, comprising the consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated 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 statement of cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under, as applicable.

The respective Board of Directors of the Companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and joint ventures 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 financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in Sub-paragraph(a) of the Other Matters 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 the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated

state of affairs of the Group, its associates and joint ventures as at March 31, 2018, and their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date

Other Matter

- a. We did not audit the financial statements of four subsidiaries whose financial statement reflect total assets of Rs. 6297.02 Lakhs as at March 31, 2018 and total revenue of Rs. 756.50 Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the consolidated financial statements also include the company's share of net (loss)/profit of Rs. (846.65) Lakhs year ended March 31, 2018, in respect of two Joint Ventures (JV) and one Associate Company which were not audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint ventures covered under the Act, is based solely on the reports of the other auditors.

We did not audit the financial statements of four subsidiaries whose financial statement reflect total assets of Rs. 5427.74 Lakhs as at March 31, 2018 and total revenue of Rs. 4795.79 Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the financial results also include the Company's share of net (loss)/profit of Rs. 127.61 Lakhs year ended March 31, 2018, in respect of one Joint Venture (JV) which has not been audited by us.

These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and joint venture to the extent covered under the Act, are based solely on such unaudited financial statements.

Our opinion above on the consolidated 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 by and reports of other auditors and the financial statements certified by the management.

- b. The Consolidated financial statements of the Company as at and for the year ended March 31, 2017 were audited by the Company's predecessor auditor who had expressed an unmodified opinion on those consolidated financial statements vide their report dated May 29, 2017. The balances as at March 31, 2017 as per the audited consolidated financial statements, duly read in conjunction with note 47 and 49 of the financial statements, have been considered as opening balances for the purpose of these consolidated financial statements.

Report on Other Legal and Regulatory Requirements:

1. 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 of the aforesaid consolidated Ind AS financial statements;
- (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 and reports of other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flow 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 (Ind AS) specified under Section 133 of the Companies Act read with relevant rules issued there under and other accounting principles generally accepted in India,
- (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiaries, associates and joint ventures incorporated in India, none of the directors of the Group Companies, associate and joint ventures Companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act;

- (f) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate report in “Annexure A”.
- (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 and based on the report of the other auditors on the separate financial statements and other financial information of the subsidiary Company, associate and joint ventures as noted in the 'Other Matters' paragraph
- The Consolidated Ind AS financial statements disclose the impact of pending litigations if any, on the consolidated financial position of the group and its associates and joint ventures.
 - 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;
 - There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India.
 - The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30st December, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However, amounts as appearing in the audited financial statements for the year ended March 31, 2017 have been disclosed in note no. 41.

for **Brahmayya & Co.**
Chartered Accountants
Firm’s Regn No. 000513S

Sd/-
K.Shravan

Partner
Membership No. 215798

Place : Hyderabad
Date : 28th May, 2018

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Annexure – A to the Auditor's Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of SHILPA MEDICARE LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries, associates and joint ventures which are incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The management of Holding Company, its subsidiaries, associates and joint ventures which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, associates and joint ventures which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure 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 policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary Companies, its associates and joint ventures which are Companies incorporated in India, have, in all material respects, an adequate internal financial controls systems over financial reporting and that such internal financial controls over financial reporting were generally operating effectively as at March 31, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 3 subsidiary companies, 2 Joint ventures and 1 associate company, which are incorporated in India, is based on the corresponding reports of the auditors of such companies.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Regn No. 000513S

Sd/-
K.Shravan
Partner
Membership No. 215798

Place : Hyderabad
Date : 28th May, 2018

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Consolidated Balance Sheet as at 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at 31 st March		As at 01 st April
		2018	2017 (Restated)	2016 (Restated)
A ASSETS				
Non- Current Assets				
(a) Property, plant & equipment.	2	47,171.02	43,692.88	38,338.98
(b) Capital work- in- progress	3	13,505.50	8,965.99	9,161.31
(c) Goodwill		3,688.82	3,634.79	3,541.81
(d) Intangible assets	4	2,559.67	1,865.39	1,788.63
(e) Intangible assets under development	5	7,479.29	5,085.04	4,823.46
(f) Financial assets	6			
(i) Investments		2,078.92	2,799.14	3,414.95
(ii) Loans		254.32	762.95	1,667.11
(iii) Other financial assets		352.26	312.98	266.48
(g) Other non-current assets	7	8,877.59	7,113.49	3,790.61
Total Non-Current Assets		85,967.39	74,232.65	66,793.34
Current Assets				
(a) Inventories	8	18,870.61	18,999.57	13,426.29
(b) Financial assets	9			
(i) Investment		11,954.39	22,462.36	5,963.17
(ii) Trade receivables		22,032.96	17,092.56	12,554.22
(iii) Cash and cash equivalents		7,364.09	9,983.70	1,148.13
(iv) Other bank balance		18.69	55.46	16.91
(v) Loan		632.06	608.28	397.08
(iv) Others financial assets		1,145.16	1,160.23	389.30
(c) Other current assets	10	4,609.97	2,612.51	1,710.94
(d) Current tax assets (net)	11	565.85	13.46	181.91
Total Current Assets		67,193.78	72,988.13	35,787.96
Total Assets		153,161.17	147,220.78	102,581.30
B EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12	815.27	801.27	771.02
(b) Other equity	13	107,688.04	97,888.41	70,206.57
Equity attributable to owners of the Company		108,503.31	98,689.68	70,977.59
(c) Non-Controlling Interest		(522.44)	(284.38)	233.40
Total equity		107,980.87	98,405.30	71,210.99
Liabilities				
Non- Current Liabilities				
(a) Financial liabilities	14			
(i) Borrowings		6,811.84	14,250.31	207.39
(b) Provisions	15	2,021.50	1,688.88	1,395.68
(c) Deferred tax liabilities (net)	16	9,181.76	8,511.13	7,224.35
(d) Other non-current liabilities	17	495.23	675.20	280.53
Total Non-Current Liabilities		18,510.35	25,125.52	9,107.95
Current Liabilities				
(a) Financial liabilities	18			
(i) Borrowings		9,811.56	9,240.84	7,409.94
(ii) Trade payables		11,047.30	11,185.61	10,659.59
(iii) Other financial liabilities		4,335.11	1,986.13	2,932.03
(b) Other current liabilities	19	1,035.08	817.31	758.02
(c) Provisions	20	440.91	406.49	502.79
(d) Current tax liabilities (net)	21	-	53.58	-
		26,669.96	23,689.96	22,262.36
Total Equity & Liabilities		153,161.17	147,220.78	102,581.30

The accompanying notes form an integral part of the consolidated financial statements notes: 01 to 51

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

Consolidated Statement of Profit and Loss for the Year ended 31st March , 2018

(All amounts are in Indian Rupees Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017 (Restated)
INCOME			
(a) Revenue from operations	22	75,206.41	73,472.30
(b) Other operating revenues	23	3,946.98	4,908.95
Total Revenue from operations		79,153.39	78,381.25
(a) Other income	24	2,167.76	1,967.13
Total Income		81,321.15	80,348.38
EXPENSES			
(a) Cost of materials consumed	25	30,794.70	41,096.48
(b) Purchases of stock-in-trade	26	588.70	730.24
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	27	4,204.16	(4,646.46)
(d) Employee benefits expense	28	14,913.88	12,786.61
(e) Finance costs	29	266.12	313.47
(f) Depreciation and amortisation expense	1&2	3,722.21	3,064.49
(g) Excise duty expenses		270.75	465.36
(h) Other expenses	30	12,164.85	10,821.00
Total Expenses		66,925.37	64,631.19
Profit before share of profit of joint venture and associates, exceptional item and tax		14,395.78	15,717.19
Exceptional (Income) / Expense	31	-	454.15
Share of Profit / (loss) of joint venture and associates, net of tax		(719.03)	(613.81)
Profit Before Tax		13,676.75	14,649.23
Tax Expenses			
a) Current tax		3,495.73	3,579.93
Less: Mat Credit Entitlement		(757.50)	(664.20)
		2,738.23	2,915.73
b) Deferred Tax		652.34	1,288.14
Total tax expenses		3,390.57	4,203.87
Profit for the year		10,286.18	10,445.36
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to Profit or Loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		18.13	(2.48)
(b) Items that will be reclassified to Profit or Loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		91.42	(180.11)
Total Other Comprehensive Income/(Loss) for the year		109.55	(182.60)
Total Comprehensive Income for the year		10,395.73	10,262.77
Profit for the year attributable to:			
a) Owners of the Company		10,524.18	10,757.82
b) Non Controlling Interest		(238.00)	(312.46)
Other Comprehensive Income for the year attributable to:			
a) Owners of the Company		109.55	(182.59)
b) Non Controlling Interest		-	-
Total Comprehensive Income for the year attributable to:			
a) Owners of the Company		10,633.73	10,575.23
b) Non Controlling Interest		(238.00)	(312.46)
Earning per equity share, par value of Rs 1/- each			
Basic (Rs.)		13.20	13.58
Diluted (Rs.)		13.20	13.58

The accompanying notes form an integral part of the consolidated financial statements notes: 01 to 51

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

Consolidated Statement of Changes in Equity

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Securities Premium reserves	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)		Foreign Currency Monetary Translation Difference Account	Gain on forfeiter of equity shares	Share Capital-Merger Scheme	Total
				Financial Instruments measured at fair value through OCI	Remeasurement of defined benefit plan				
Balance at April 01, 2016	18,677.51	4,182.68	40,234.43	-	(185.13)	62.15	8.76	6,999.97	69,980.37
Prior period error (refer note no.49)	-	-	226.20	-	-	-	-	-	226.20
Balance as at April 01, 2016 (Restated)	18,677.51	4,182.68	40,460.63	-	(185.13)	62.15	8.76	6,999.97	70,206.57
Profit for the Year	-	-	10,757.82	-	-	-	-	-	10,757.82
Addition / Deletion during the year	17,200.45	500.00	(500.00)	(180.12)	(2.48)	484.78	-	-	17,502.64
Dividend including dividend distribution tax and others	-	-	(578.63)	-	-	-	-	-	(578.63)
Balance at the end of March 31, 2017 (Restated)	35,877.96	4,682.68	50,139.82	(180.12)	(187.61)	546.93	8.76	6,999.97	97,888.41
Profit for the Year	-	-	10,524.18	-	-	-	-	-	10,524.18
Addition / Deletion during the year	6,985.97	500.00	(500.00)	91.42	18.12	(124.22)	-	(6,999.97)	(28.68)
Dividend including dividend distribution tax and others	-	-	(695.86)	-	-	-	-	-	(695.86)
Balance at the end of March 31, 2018	42,863.93	5,182.68	59,468.14	(88.70)	(169.48)	422.71	8.76	-	107,688.04

The accompanying notes form an integral part of the consolidated financial statements notes: 01 to 51

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S
Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

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Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

Consolidated Statement of Cash Flow for the year ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017 (Restated)
A. Cash flows from/(used in) operating activities		
Profit before tax (PBT)	13,676.75	14,649.23
Adjustments for :		
Depreciation and amortisation expenses	3,722.21	3,064.49
Interest earned	(350.50)	(289.96)
Liabilities written back	(42.26)	(20.92)
Provision written back	(0.69)	(1.63)
Dividend income	(188.81)	(175.68)
Realised /Unrealised Gain on Investment in Mutual Fund	(1,286.54)	(998.06)
Corporate Guarantee Fees	(19.64)	(30.30)
Capital Subsidy (Grants)	(57.57)	(38.76)
Finance costs	266.12	313.47
Foreign exchange fluctuation (gain)/ loss (net)	(201.92)	(473.22)
Advance Written-off (incl. Capital Advances)	14.26	282.01
Bad debts / Advance written-off	12.06	85.26
Loss on sale /discard of assets	16.55	2.78
Operating Profit before changes in operating assets and liabilities	15,560.02	16,368.71
Adjustments for changes in operating assets and liabilities:		
(Increase) / Decrease in Inventories	128.96	(5,573.28)
(Increase) / Decrease in Trade receivables	(4,651.55)	(4,674.53)
(Increase) / Decrease in Loans	484.85	692.96
(Increase) / Decrease in Other financial assets	159.70	(586.60)
(Increase) / Decrease in Other assets	(3,996.96)	(781.33)
Increase / (Decrease) in Trade payables	(262.51)	1,028.45
Increase / (Decrease) in Other financial liabilities	585.66	361.20
Increase / (Decrease) in Other liabilities	217.77	71.27
Increase / (Decrease) in Provisions	367.73	201.01
Cash generated from Operations	8,593.66	7,107.85
Income tax paid (net of refunds)	(4,101.70)	(3,360.12)
Net Cash generated from operating activities (A)	4,491.95	3,747.73
B. Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	55.67	88.72
Purchase of property, plant and equipment including capital advances and net of capital creditors	(13,797.64)	(11,712.05)
(Increase)/ Decrease in Non Current Investment	720.22	615.81
(Increase)/ Decrease in Current Investment	11,794.51	(15,501.13)
Investment in fixed deposits	(7.94)	0.04
Capital Subsidy(Grants)	33.14	52.23
Dividend received	22.31	9.18
Interest received	336.81	224.43
Net Cash generated from/(used in) investing activities (B)	(842.91)	(26,222.76)

Consolidated Cash Flow Statement for the Year ended 31st March, 2018 (Contd.)

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017 (Restated)
C. Cash flows from/(used in) financing activities		
Dividend paid incl. Dividend Tax	(723.05)	(538.34)
Repayment of Non-current borrowings	(5,610.55)	12,788.51
Proceeds from Current borrowings	462.78	2,050.26
Proceeds from share issue including premium	-	17,220.82
Interest paid	(252.84)	(250.88)
Net cash used in financing activities (C)	(6,123.67)	31,270.38
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,474.63)	8,795.34
Effect of exchange rate on Consolidated Financial Statements	(140.08)	496.91
Cash and cash equivalents as at the beginning of the year	9,997.49	705.23
Cash and cash equivalents at the end of the year	7,382.78	9,997.49

Components of Cash and Cash Equivalents	As at 31 st March, 2018	As at 31 st March, 2017 (Restated)
Cash on hand	33.37	40.99
Cash at Banks		
a) In Current accounts	3,820.69	1,910.30
b) In Fixed Deposits Accounts with original maturity of less than 3 months	3,510.03	8,032.41
c) In Unpaid dividend account	18.69	55.46
d) Books overdraft	-	(41.67)
Total Cash and Cash Equivalents	7,382.78	9,997.49

Note:

1. Previous year figures have been reclassified/restated where ever necessary.
2. Cash Flow statement has been prepared under Indirect method as per Ind AS-7 "Statement of cash flow".

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
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DIN: 01243391

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company. The accounting policies are applied consistently to all the periods presented in the financial statements.

The consolidated financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable.

- Derivative financial instruments
- Certain financial assets / liabilities measured at fair value,
- Defined Benefit Plan's at fair value.
- These consolidated financial statements of the group for the year ended March 31, 2018 were approved by the Board of Directors on 28/05/2018.

b) Principles of consolidation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its subsidiaries, associates and joint ventures ("the Group"). The Consolidated financial statements have been prepared on the following basis:

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. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding

together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group Companies are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- (b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss,

consolidated statement of changes in equity and balance sheet respectively.

Investment in Associates and Joint Ventures has been accounted under the equity method as per Ind AS 28 -

The Company accounts for its share of post acquisition changes in net assets of associates and joint ventures, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates Statement of Profit and Loss and through its reserves for the balance based on available information.

I) The subsidiaries considered in the Consolidated Financial Statements are as under:

Sl.No.	Name of the Subsidiary	Country	Extent of Holding
1.	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2.	Loba Feinchemie GmbH ('Loba') (Step-down Subsidiary)	Austria	99.999%
3.	Shilpa Therapeutics Pvt. Ltd. ('Nu Therapeutics')	India	99.96%
4.	Makindus. Inc ('Makindus')	Delaware (USA)	55.78%
5.	INM Technology Private Limited ('INM')	India	75.00%
6.	Koanna Healthcare Limited	United Kingdom	100.00%
7.	Koanna Healthcare GmbH	Austria	100.00%

II) The Associates considered in the Consolidated Financial Statements are as under:

Sl.No.	Name of the Associate	Country	Extent of Holding
1.	Reva Pharmachem Private Limited ('Reva')	India	33.33%

III) Joint Ventures considered in the Consolidated Financial Statements are as under:

Sl.No.	Name of the Joint Venture	Country	Extent of Holding
1.	Maia Pharmaceuticals Inc. ('Maia')	New Jersey (USA)	34.79%
2.	Reva Medicare Private Limited.	India	50.01%
3.	Raichem Medicare (P) Ltd ('RMPL')	India	50.01%

C. Basis of measurement

(i) Current Vs Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when it satisfies the below mentioned criteria :

- (i) Expected to be settled in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

1.1 Significant Accounting Policies

Critical accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note-1.1(h))
- Estimation of Useful life of Property, plant and equipment and intangibles (Note-1.1(a))
- Recognition of deferred taxes (Note-1.1(r))
- Estimation of impairment (Note-1.1(d))
- Estimation of provision and contingent liabilities (Note-1.1(s))
- Business Combination (Note-1.1(e))

a) Property, Plant and Equipment & Depreciation:

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. 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.
- iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies act-2013, with exception of those assets whose useful life is ascertain by the management.

- v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are

indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made.

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) 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. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) Business Combination and goodwill

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. 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 Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) Investments:

- i. Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered being other than temporary in nature.

- ii. Current investments are stated at fair value.
- iii. Non-current investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.
- iv. On Disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss Account.

g) Inventory:

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) 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

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

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 recognized 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.

i) Cash and Cash Equivalent.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind As 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of bank overdraft.

j) Dividends to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases

Operating Lease

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

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

(i) Sale of products:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as

revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

(ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each mile-stones as per term of the agreement.

(iii) Recognition of Export Incentives:

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India are recognized in the period in which they are approved.

m) Other Income

- i. Interest Income is recognized using the Effective interest rate (EIR) method.
- ii. Dividend income is recognized when right to receive is established.
- iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognises in other Income in profit & loss account.

n) Foreign Currency Transactions/Translations:

Initial Recognition

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

Translations

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.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant

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

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

I) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through P&L, transaction

costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

(a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- (a) Trade receivables
- (b) Investment in Subsidiaries
- (c) Loans
- (d) Other financial assets

(b) Financial Assets Measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- (b) Financial Assets that are debt instruments and are measured at FVTOCI.
- (c) Lease receivables under Ind AS 17.
- (d) Trade receivables or any contractual right to receive cash or another financial asset
- (e) Loan commitments which are not measured at FVTPL
- (f) Financial guarantee contracts which are not measured at FVTPL

(II) Financial Liability

Initial recognition and measurement

Financial liabilities are recognized initially at fair

value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other Financial Liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(III) Derivative financial instruments and hedge accounting

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.

r) Taxes on Income:

Tax expense comprises of current and deferred tax.

- i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

- ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- iii. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as "MAT Credit Entitlement".

s) Provisions, Contingent Liabilities and Contingent Assets.

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 recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) Earning per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share are computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period.

1.2) Recent accounting pronouncements:

Ind AS 115: Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The effective date for adoption of Ind AS 21 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2. Property, Plant & Equipment

Particulars	Gross Block				Depreciation / Amortisation				Net Block		
	As at 01.04.2017	Additions	Deduction/ Adjustment during the year	FCTR	Balance as at 31.03.2018	As at 01.04.2017	For the Period#	Deduction/ Adjustment during the year	FCTR	Balance as at 31.03.2018	As at 31.03.2018
i) Owned											
a) Borewell	19.04	0.46	-	-	19.50	12.50	2.34	-	-	14.83	4.67
b) Building	12,857.34	523.63	2.38	433.36	13,811.94	3,901.78	403.46	-	367.49	4,672.72	9,139.22
c) Canteen Equipment	10.52	6.55	-	-	17.07	4.46	2.27	-	-	6.73	10.34
d) Computer	700.66	86.37	-	-	787.03	445.03	117.49	-	-	562.53	224.50
e) Network Server equipment	78.35	3.00	-	-	81.35	8.43	12.86	-	-	21.29	60.06
f) Electrical Installation	3,177.59	284.89	-	-	3,462.48	1,256.05	328.88	-	-	1,584.92	1,877.55
g) Empty Cylinders	4.67	-	-	-	4.67	4.24	0.06	-	-	4.30	0.36
h) E/TP Building	565.85	-	-	-	565.85	134.57	17.72	-	-	152.29	413.56
i) E/TP Machinery	504.79	1.24	-	-	506.04	90.17	22.79	-	-	112.96	393.08
j) Furniture	2,887.57	237.46	33.80	255.24	3,346.46	1,750.55	186.06	33.52	234.03	2,137.11	1,209.36
k) Generator	267.20	9.28	-	-	276.47	50.18	21.11	-	-	71.29	205.18
l) Lab Equipments	7,693.44	1,301.98	-	-	8,995.42	2,029.53	787.23	-	-	2,816.76	6,178.66
m) Office Equipment	181.98	43.17	12.32	12.14	224.98	95.59	33.17	12.32	9.82	126.27	98.71
n) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	1,795.98	101.12	-	-	1,897.11	1,945.93
o) Pipeline	2,761.55	628.88	-	-	3,390.43	744.15	131.06	-	-	875.20	2,515.23
p) Plant & Machinery	26,552.38	3,488.08	116.11	424.34	30,348.69	8,095.01	1,128.88	93.02	403.93	9,534.80	20,813.89
q) Pollution Control Equip.	37.34	-	-	-	37.34	29.35	0.44	-	-	29.79	7.55
r) R & D Equipments	238.44	-	-	-	238.44	203.97	9.85	-	-	213.83	24.61
s) Storage Tank	136.89	28.18	-	-	165.07	34.81	6.77	-	-	41.58	123.50
t) Transformer	46.61	-	-	-	46.61	19.29	4.19	-	-	23.47	23.14
u) Unit-II Land & Building	5.86	-	-	-	5.86	2.94	0.20	-	-	3.13	2.73
v) Vehicle	342.34	117.25	50.72	3.77	412.65	147.26	39.52	16.47	0.45	170.76	241.89
w) Electrical Operated Vehicles	34.87	-	-	-	34.87	12.50	4.20	-	-	16.70	18.16
x) Xerox Machine	3.72	-	-	-	3.72	3.18	0.28	-	-	3.46	0.26
y) Weigh Bridge	8.42	-	-	-	8.42	2.99	0.87	-	-	3.86	4.56
z) EHS Equipment	41.15	-	-	-	41.15	4.11	3.91	-	-	8.02	33.13
aa) Storage Drums	5.41	-	-	-	5.41	1.51	0.97	-	-	2.47	2.94
ab) Land	937.78	4.04	-	18.67	960.48	-	-	-	-	-	960.48
Total of (i)	63,944.79	6,764.45	215.32	1,147.51	71,641.43	20,880.12	3,367.69	155.33	1,015.72	25,108.19	46,533.24
ii) Leased Assets											
a) Leasehold Land & Green Field	637.78	-	-	-	637.78	-	-	-	-	-	637.78
Total of (ii)	637.78	-	-	-	637.78	-	-	-	-	-	637.78
Total (i+ii)	64,582.56	6,764.45	215.32	1,147.51	72,279.21	20,880.12	3,367.69	155.33	1,015.72	25,108.19	47,171.02

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 01.04.2016	Pursuant to Scheme of Merger (refer note 47)	Additions	Deduction / Addition during the year	FCTR	Balance as at 31.03.2017	As at 01.04.2016	For the year [#]	Deduction / Addition during the year	FCTR	As at 31.03.2017	As at 01.04.2016
i) Owned												
a) Borewell	18.80	-	0.24	-	-	19.04	9.23	3.27	-	-	12.50	6.54
b) Building	11,673.77	-	1,405.12	-	(221.50)	12,857.34	3,723.36	363.72	-	(185.30)	3,901.78	8,955.56
c) Canteen Equipment	9.70	-	0.81	-	-	10.52	2.50	1.95	-	-	4.46	6.06
d) Computer	565.50	2.04	133.12	-	-	700.66	348.14	96.89	-	-	445.03	255.63
e) Network Server equipment	14.60	-	53.12	-	-	67.71	3.18	4.19	-	-	7.37	60.35
f) Electrical Installation	2,828.99	4.74	343.86	-	-	3,177.59	950.93	305.12	-	-	1,256.05	1,882.79
g) Empty Cylinders	4.67	-	-	-	-	4.67	4.18	0.06	-	-	4.24	0.42
h) ETP Building	469.52	-	96.33	-	-	565.85	118.44	16.13	-	-	134.57	431.28
i) ETP Machinery	343.00	-	196.03	34.24	-	504.79	88.83	17.83	16.49	-	90.17	414.62
j) Furniture	2,628.30	7.86	405.61	26.45	(127.75)	2,887.57	1,734.68	150.37	15.02	(119.47)	1,750.55	1,137.02
k) Generator	137.15	5.98	124.07	-	-	267.20	30.58	19.60	-	-	50.18	217.02
l) Lab Equipments	5,708.69	447.10	1,555.41	17.76	-	7,693.44	1,366.20	663.98	0.65	-	2,029.53	5,663.91
m) Office Equipment	126.57	5.66	58.73	3.10	(5.89)	181.98	82.29	21.42	3.10	(5.02)	95.59	86.39
n) P/M (Power Generation Unit)	3,843.04	-	-	-	-	3,843.04	1,694.86	101.12	-	-	1,795.98	2,047.05
o) Pipeline	2,475.93	-	285.62	-	-	2,761.55	643.18	100.97	-	-	744.15	2,017.41
p) Plant & Machinery	23,186.01	-	3,626.64	43.83	(216.44)	26,552.38	7,308.72	1,016.63	22.22	(208.12)	8,095.01	18,457.37
q) Pollution Control Equip.	37.34	-	-	-	-	37.34	28.90	0.44	-	-	29.35	8.00
r) R & D Equipments	238.44	-	-	-	-	238.44	182.44	21.53	-	-	203.97	34.46
s) Storage Tank	112.56	-	24.33	-	-	136.89	29.24	5.57	-	-	34.81	102.08
t) Transformer	46.61	-	-	-	-	46.61	15.10	4.19	-	-	19.29	27.32
u) Unit-II Land & Building	5.86	-	-	-	-	5.86	2.74	0.20	-	-	2.94	2.92
v) Vehicle	313.46	-	84.58	54.26	(1.44)	342.34	158.63	25.92	37.10	(0.19)	147.26	195.08
w) Electrical Operated Vehicles	34.87	-	-	-	-	34.87	8.30	4.20	-	-	12.50	22.36
x) Xerox Machine	3.72	-	-	-	-	3.72	2.89	0.28	-	-	3.18	0.54
y) Weigh Bridge	8.42	-	-	-	-	8.42	2.11	0.87	-	-	2.99	5.43
z) EHS Equipment	39.54	-	1.61	-	-	41.15	0.30	3.81	-	-	4.11	37.04
aa) Storage Drums	3.06	-	2.04	-	-	5.10	0.78	0.73	-	-	1.51	3.59
ab) Land	998.00	-	3.12	53.42	(9.59)	938.10	-	-	-	-	938.10	944.57
Total of (i)	55,876.10	473.39	8,400.40	233.05	(582.68)	63,934.16	18,540.77	2,950.97	94.59	(518.10)	20,879.06	43,055.10
ii) Leased Assets												
a) Leasehold Land & Green Field (Refer Note No.a)	261.61	322.07	54.09	-	-	637.78	-	-	-	-	-	637.78
Total of (ii)	261.61	322.07	54.09	-	-	637.78	-	-	-	-	-	637.78
Total (i+ii)	56,137.71	795.46	8,454.49	233.05	(582.68)	64,571.94	18,540.77	2,950.97	94.59	(518.10)	20,879.06	43,692.88
												38,338.98

[#] Depreciation for the current year 2017-18 includes Rs. 01.79 lakhs pre-operative depreciation (p.y. Rs. 0.36 lakhs)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

3. CAPITAL WORK- IN- PROGRESS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Machinery under erection	731.24	298.67	595.53
b) Projects under erection	10,190.17	7,302.29	7,494.34
c) Pre-operative expenses	2,584.09	1,365.03	1,071.44
Total	13,505.50	8,965.99	9,161.31

4. INTANGIBLE ASSETS

Particulars	Gross Block			Depreciation/Amortisation				Net Block
	As at 01.04.2017	Additions	Deduction/ Adjustment during the year	Balance as at 31.03.2018	As at 01.04.2017	For the Period	Deduction/ Adjustment during the year	Balance as at 31.03.2018
a) Computer software	367.23	576.37	-	962.89	173.25	105.72	-	293.71
b) DMF/ Patents Fees	796.80	409.73	6.00	1,200.53	179.95	89.43	0.20	269.18
c) Non-compete Agreement	1,045.00	-	-	1,045.00	-	160.70	-	160.70
d) Other	62.25	70.30	-	147.31	62.25	-	-	72.47
Total	2,271.27	1,056.40	6.00	3,355.73	415.45	355.84	0.20	796.06
								2,559.67

Particulars	Gross Block					Depreciation/Amortisation				Net Block
	As at 01.04.2016	Pursuant to Scheme of Merger (refer note 47)	Addi- tions	Deduc- tion /Ad- justment during the year	Balance as at 31.03.2017	As at 01.04.2016	For the year	Deduc- tion /Ad- justment during the year	FCTR	As at 31.03.2017
a) Computer software	269.63	-	122.00	4.95	377.86	136.33	46.41	1.60	(6.83)	174.31
b) DMF/ Patents Fees	713.17	-	84.82	1.19	796.80	112.84	67.12	-	-	179.95
c) Non-compete Agreement	-	1,045.00	-	-	1,045.00	-	-	-	-	-
d) Other	67.50	-	-	-	62.25	67.50	-	-	(5.25)	62.25
Total	1,050.30	1,045.00	206.82	6.14	2,281.91	316.67	113.52	1.60	(12.08)	416.51
										1,865.39
										1,778.63

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Software under installation	29.96	-	-
b) Product under development	6,497.14	4,795.00	4,795.00
c) DMF /ANDA Fees /Patents	952.18	290.04	28.46
Total	7,479.29	5,085.04	4,823.46

6. FINANCIAL ASSETS

(i) NON-CURRENT INVESTMENT

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Trade Investments (At Cost) Fully paid up			
I) In Joint Venture Companies			
a) Investments in Equity Instruments (Unquoted)			
i) 8,70,755 (8,70,755) of Rs 10/- each- Raichem Medicare Pvt. Ltd., Raichur.	-	466.10	1,337.11
ii) 5,001 (5,001) Equity share of Rs 10/- each of Reva Medicare Pvt Ltd, Raichur	59.38	31.31	0.50
b) Investments in Preference Instruments (Unquoted)			
i) 1,85,00,000 (1,85,00,000) of Rs 10/- each- Raichem Medicare Pvt. Ltd., Raichur	1,432.24	1,850.00	1,850.00
c) Investments in Preferred stock			
ii) 14,00,000 (14,00,000) Preferred Stock at par value of 0.0001 USD of MAIA Pharmaceuticals INC., USA	553.94	426.31	203.15
II) Others			
i) Repurchase value reinsurance	33.16	25.22	24.00
	2,078.72	2,798.94	3,414.75
III) In Government securities (Unquoted)			
i) Investment in National Savings Certificate.	0.20	0.20	0.20
Total value of unquoted Investment	2,078.92	2,799.14	3,414.95
Aggregate value of unquoted investment	2,078.92	2,799.14	3,414.95

(ii) LOAN

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(I) Raichem Medicare Pvt. Ltd. (JV)	254.32	762.95	1,667.11
Total	254.32	762.95	1,667.11

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) OTHERS FINANCIAL ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Security deposits (unsecured considered good)			
(i) Electricity deposits	208.27	213.92	174.51
(ii) Rental deposits	58.81	55.08	66.17
(iii) Telephone deposits	0.67	0.66	0.60
(iv) Miscellaneous deposits	84.51	43.32	25.20
Total	352.26	312.96	266.48

7. OTHER NON CURRENT ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Capital Advances			
(i) Unsecured, considered good	3,049.37	4,324.37	1,251.37
Less: Written-off	-	282.10	-
Total (a)	3,049.37	4,042.27	1,251.37
b) Others			
i) Income tax paid under protest	43.33	43.33	173.28
ii) VAT on capital goods & others Item (Refer note no. 45)	46.48	52.97	53.33
iii) MAT credit entitlement benefit	3,251.30	2,493.78	1,829.59
iv) Prepaid expenses	2,486.25	480.28	483.06
v) Excise Duty	0.86	0.86	-
Total (b)	5,828.24	3,071.22	2,539.25
Total (a+b)	8,877.59	7,113.49	3,790.61

8. INVENTORIES

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Raw materials	10,809.54	7,101.45	6,740.50
(ii) Work-in-progress	1,838.56	6,041.56	3,846.40
(iii) Finished goods			
(a) Finished goods	3,771.29	3,994.09	2,092.52
(b) Goods-in transit	161.33	10.40	-
(c) Stock-in-trade	653.32	562.06	43.28
(vi) Stores and spares	1,237.55	943.01	542.33
(v) Packing materials	399.02	347.00	161.26
Total	18,870.61	18,999.57	13,426.29

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

9. FINANCIAL ASSETS

(i) CURRENT INVESTMENTS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Investment in Mutual Funds			
(i) HDFC mutual fund	356.48	331.18	307.14
(ii) ICICI prudential mutual fund	859.51	9,885.31	5,148.05
(iii) Franklin Indian low duration fund	356.37	329.38	298.89
(iv) SBI mutual fund	2,543.63	4,556.32	209.09
(v) Birla sun life mutual fund	894.14	2,244.64	-
(vi) Frankline India ultra short bond fund	5,530.46	5,115.53	-
(vii) Edelweiss arbitrage fund	403.40	-	-
(viii) Kotak equity arbitrage fund	504.89	-	-
(ix) Reliance arbitrage advantage fund	505.51	-	-
Total	11,954.39	22,462.36	5,963.17
Aggregate value of unquoted investments	11,954.39	22,462.36	5,963.17

(ii) TRADE RECEIVABLES (Refer note 50)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(a) Unsecured considered doubtful	11.38	70.74	11.21
Less: Written-off	11.38	70.74	11.21
Total (a)	-	-	-
(b) Unsecured, considered good	22,032.96	17,092.56	12,554.22
Total (b)	22,032.96	17,092.56	12,554.22
Total (a+b)	22,032.96	17,092.56	12,554.22

(iii) CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
i) Cash on Hand	33.37	40.99	156.61
ii) Balance with Banks in Current Account	3,820.69	1,910.30	619.59
iii) Deposits with original maturity of less than 3 months	3,510.03	8,032.41	371.93
Total	7,364.09	9,983.70	1148.13

(iv) OTHER BANK BALANCES

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Earmarked Balances			
(i) Unclaimed dividends accounts	18.69	55.46	16.91
Total	18.69	55.46	16.91

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(v) LOAN

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Unsecured, Considered Good			
(i) Raichem Medicare Pvt Ltd (Joint Venture)	508.63	508.63	254.32
(ii) Reva Pharmachem Pvt Ltd (Associate)	123.43	99.65	142.77
Total	632.06	608.28	397.08

(vi) OTHER FINANCIAL ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Income accrued and due	98.39	48.04	40.14
(ii) CST receivable	117.73	116.46	53.87
(iii) Staff advance	110.60	63.55	35.94
(iv) Tender deposits	2.09	2.09	2.59
(v) Fixed deposited having maturity less than 12 month held has margin money	25.71	17.77	17.81
(vi) Interest accrued on fixed deposit	33.71	70.38	12.74
(vii) FPS/ MEIS licence in hand	197.73	449.24	-
(viii) Dividend accrued on preference shares	559.20	392.70	226.20
Total	1,145.16	1,160.23	389.30

10. OTHER CURRENT ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) CENVAT Receivable	68.07	259.18	746.74
(ii) Service Tax Receivable	0.94	573.00	421.80
(iii) Prepaid Expenses	416.64	273.02	218.97
(iv) Staff Advance/Against Expenses	-	2.98	-
(v) VAT, Entry Tax, ESI, & Professional Tax	88.12	42.99	-
(vi) Advances Receivable	2,918.29	1,461.34	322.83
(vii) Other	3.39	-	0.60
(viii) CGST /SGST /IGST Receivable	1,114.52	-	-
Total	4,609.97	2,612.51	1,710.94

11. CURRENT TAX ASSETS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(a) Income Tax (Net)	565.85	13.46	181.91
Total	565.85	13.46	181.91

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

12. EQUITY SHARE CAPITAL

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Authorised Share Capital			
9,50,00,000 shares of ₹ 1/- each (P.Y. 9,50,00,000), (P.Y. 8,50,00,000) (₹ 1/- each)	950.00	950.00	850.00
	950.00	950.00	850.00
Issued, Subscribed & Fully Paid Up Capital			
Opening balance	801.27	771.02	771.02
Changes during the Year	14.00	30.25	-
Closing balance	815.27	801.27	771.02
Shares 815,26,899 face value of ₹ 1/- each (March 31, 2017 shares 801,26,904, face value of ₹ 1/- each) (April, 01,2016 shares 771,01,904 face value of ₹ 1/- each)			
Total	815.27	801.27	771.02

12 (a) Reconciliation of the number of shares.

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
	Nos	Amount	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	80,126,904	801.27	77,101,904	771.02	77,101,904	771.02
Add : Issued during the year	-	-	3,025,000	30.25	-	-
Add : Issued during the year on scheme of merger	1,399,995	14.00	-	-	-	-
Shares outstanding at the end of the year	81,526,899	815.27	80,126,904	801.27	77,101,904	771.02

12 (b) Rights, preference and restriction attached to each class of shares :

Equity shares:

The Company has only one class of equity shares having par value of Re. 1/- per share. Each holder of equity shares is entitled to one vote per share.

The Board of Directors have declared and paid interim dividend of Re.0.70 (P.Y 0.60) per equity of face value of Re.1/- per share

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

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

12 (c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
	No of Shares held	% Holding	No of Shares held	% Holding	No of Shares held	% Holding
a) Vishnukant .C. Bhutada	8,086,012	9.92	8,086,012	10.09	8,563,101	11.11
b) Kantadevi Inani	6,455,736	7.92	6,455,736	8.06	3,839,640	4.98
c) Dharmavati Bhutada	6,207,796	7.61	6,207,796	7.75	4,142,766	5.37
d) Tano Mauritius India FVCI II	6,179,506	7.58	6,179,506	7.71	7,179,506	9.31
e) Baring India Private Equity III Limited	6,000,000	7.36	6,000,000	7.49	6,000,000	7.78
f) Kamalkishor Inani	4,823,828	5.92	4,823,828	6.02	3,748,828	4.86

12 (d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
a) Bonus Shares in the ratio of 2:1. i.e. for every 02 shares 1 share allotted as Bonus.	-	-	-	1,22,62,085	-

13. OTHER EQUITY

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Securities Premium Reserves	42,863.93	35,877.96	18,677.51
b) General Reserves	5,182.68	4,682.68	4,182.68
c) Retained Earnings	59,468.14	50,139.82	40,460.63
d) Other Comprehensive Income (OCI)			
i) Financial Instruments measured at Fair Value through OCI	(88.70)	(180.12)	-
ii) Remeasurement of defined benefit plan	(169.49)	(187.60)	(185.13)
e) Foreign Currency Monetary Translation Difference Account	422.72	546.93	62.15
f) Gain on Forfeiture of equity shares	8.76	8.76	8.76
g) Share Capital-Merger Scheme	-	6,999.97	6,999.97
Total	107,668.04	97,888.40	70,206.57

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

14. FINANCIAL LIABILITY

(i) LONG TERM BORROWINGS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Term loans (Secured)			
i. From Banks			
a) External Commercial Borrowings (SCB)	6,707.67	9,117.93	-
<u>Nature of Security</u>			
a) ECB of USD 15 Million is taken from Standard chartered bank, London(SCB) and the said facility is secured by hypothecation of moveable and immovable fixed asset of SEZ unit and plant & machinery of Deosugur unit , including proposed capex created out of such loan and personal guarantees given by 02 of its Directors. The Company had entered into hedge contract with bank on the said ECB-facility.			
<u>Terms of Repayment & Interest Rate:</u>			
Repayment of ECB Loan from SCB have a moratorium period of 15 months and would be repayable in 16 quarterly installments with the final installment falling due at the end of the 60 th month from the date of grant of loan. The loan is repayable of Rs 62.34 million with fixed interest at 8.90% payable monthly.			
<u>Nature of Security</u>			
a) ECB of USD 10 Mn is taken from Standard Chartered Bank, London (SCB) and is secured by hypothecation of Immovable Fixed Asset (USD 6 Mn.) of SEZ and (USD 4 Mn) Movable Fixed Assets located at Raichur plant, including proposed Capex created out of such loan and guarantees given by 02 of its Directors.			
<u>Terms of Repayment & Interest Rate:</u>			
Repayment of ECB Loan from SCB have a moratorium period of 12 months and would be repayable in 8 half yearly installments with the final installment falling due at the end of 60th month from the date of grant of loan. The loan is repayable on the basis of 12.50% of the drawdown amounts as at the defined date. Further, ROI is charged @Libor + 350 bps			
b) HSBC Limited	-	5,000.00	-
<u>Nature of Security</u>			
a) Term loan of Rs 500 Million taken from HSBC,Bangalore and is secured by first pari passu charge on the fixed assets of Unit -I situated at Deosugur and Unit-II Chicksugur and personal guarantees given by 02 of its Directors.			

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Terms of Repayment & Interest Rate: Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 08 half yearly installments of Rs 62.50 million with the final installment falling due at the end of the January- 2022 Interest payable 01 year MCLR+0.50% per annum payable monthly. During the Current Year the company has repaid the availed loan amount outstanding and outstanding as on 31 st March, 2018 is “NIL”			
c) Term Loan - Vehicle Loan (The loan is taken from Bank of Baroda, secured By Hyp.of Car)	1.13	2.05	3.04
Terms of Repayment & Interest Rate: Repayable of vehicle laon is in EMI Installation and interest on such loan is charge @ 11.50%			
ii. From others (unsecured)			
a) Loan under SBIRI Scheme Loan from Department of Biotechnology , Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovation Research Initiative (SEBIRI).	84.86	97.60	130.60
Terms of Repayment & Interest Rate: The loan is repayable is 10 equal yearly installment starting from 17.08.2013 of Rs 21.048 Lakhs with final installment falling due on 17.08.2022. Interest is payable @ 1% P.A on amount drawn up to Rs 100 Lakhs and @ 2% above Rs 100 Lakhs, same is payable in 02 equal installment after repayment of principal installment.			
b) Loan under BIPP Scheme Loan from Department of Biotechnology , Ministry of Science and Technology New Delhi. Under BIPP scheme (Biotechnology Industry Partnership Programme).	18.18	32.72	73.75
Terms of Repayment & Interest Rate: The Loan is repayable in 10 equal half yearly installment with moratorium period of 12 months after completion of project, Interest is payable @ 2% per annum payable half yearly.			
Total	6,811.84	14,250.31	207.39

15. PROVISIONS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
a) Provision for Gratuity / Severance pay / Pension accrual	1,971.01	1,635.35	1,354.09
b) Provision for leave encashment	50.49	53.53	41.59
Total	2,021.50	1,688.88	1,395.68

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

16. DEFERRED TAX LIABILITY (NET)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Deferred tax liability (Difference in tax base of property, plant, equipment and others)	9,691.71	9,002.52	7,262.52
Deferred tax asset (On account of disallowable items under Income Tax)	(509.95)	(491.39)	(38.17)
Total	9,181.76	8,511.13	7,224.35

17. OTHER NON-CURRENT FINANCIAL LIABILITY

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Interest rate swap	-	-	13.36
(ii) Capital subsidy	185.29	209.72	196.26
(iii) Corporate guarantee liability	16.50	36.14	70.91
(iv) Cross currency swap	293.44	429.33	-
Total	495.24	675.20	280.53

18. FINANCIAL LIABILITIES

(i) BORROWINGS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Secured Loan			
i) Working capital loan.			
From Banks			
(i) Standard chartered bank	-	600.38	816.09
(ii) Standard chartered bank [refer note 'a' & 'g'(i) below]	6,486.24	4,167.93	3,246.52
(iii) Citi Bank [refer note 'b' & 'g'(ii) below]	2,808.38	4,035.79	2,896.76
(iv) HSBC [refer note 'c' & 'g'(iii) below]			
(v) Axis Bank [refer note 'd' & 'e' (iv) & (v) below]			
(vi) Axis Bank [refer note 'd' & 'g'(vii) below]	35.69	21.22	-
(vii) Erste Bank Austria [refer note 'f' & 'e'(vi) below]	481.25	415.52	450.57
<u>Nature of Security</u>			
a) Working capital loan from Standard chartered bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors			-
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors . The sanction facility is interchangeable as PCFC/ Cash credit and applicable interest will be charged.			-

(Contd.)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
c) Working capital loan of Rs 100 million sanction from HSBC has not been availed during the year, and it is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 Directors.			-
d) Working capital loan of Rs 100 million from Axis Bank Raichur has not been availed and it is secured by first pari passu charge on current assets present and future, and charge on movable & immovable fixed assets situated at Unit -1 Deosugar in line with other working capital lenders and personal Gurantee of 02 Directors .			-
e) Working Capital bank from EREST TM bank Austria taken for Loba Feinchemie GmbH, foreign subsidiary is secured against movable & immovable Assets .			-
f) Working capital loan from Axis bank for STPL of 20 Million is secured against current Assets, Land & Building & personal guarantee of Directors.			-
g) Interest rate as at March 31, 2018 is as under:			-
(i) On PSFC/PCFC - Libor + 0.70%			-
(ii) On PSFC/PCFC - Libor + 0.75%			-
(ii) On PSFC/PCFC - Libor + 0.75%			-
(iii) On overdraft - MCLR+0.95%			-
(iv) On overdraft - 03 months MCLR+0.75%			-
(v) PCFC/ PSFC- Libor + benchmark rate			-
(vi) on Export -0.5% and on WCL-2.75%			-
(vii) 1.35% above bank MCLR			-
Total	9,811.56	9,240.84	7,409.94

(ii) TRADE PAYABLES (refer note no 44 & 50)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 1/4/2016
(i) Trade payables	10,381.13	10,684.79	9,983.22
(ii) Trade payables-others	666.17	500.82	676.37
Total	11,047.30	11,185.61	10,659.59

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) OTHER

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Current maturities of long-term debt	2,481.82	653.92	1,659.11
(ii) Interest accrued but not due on borrowings	76.53	63.25	0.67
(iii) Unclaimed dividends	17.77	18.15	15.32
(iv) Employee benefit liability	1,753.80	1,161.99	782.00
(v) Books overdraft	-	41.67	459.81
(vi) Interim dividend payable	0.92	37.31	1.59
(vii) Others	4.27	9.84	13.53
Total	4,335.11	1,986.13	2,932.03

19. OTHER CURRENT LIABILITY

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Current maturities of Long-Term Debt	1.33	1.33	1.33
(ii) Advances from customers	110.38	172.92	316.11
(iii) Tax deduction at source	633.60	422.36	323.03
(iv) Service tax	-	5.05	5.50
(v) VAT, Entry Tax ESI, & Professional Tax ,CST	-	-	22.02
(vi) Provident Fund & Other Fund Payable	120.64	107.94	71.33
(vii) Employee Benefit Liability	45.86	54.19	-
(viii) Security / Trade deposit	11.00	11.00	14.54
(ix) Unclaimed Bonus & Salary	33.74	5.44	4.16
(x) DDT payable on Pref. Shares dividend	78.52	37.09	-
Total	1,035.08	817.31	758.02

20. PROVISIONS

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Provision for Expenses	440.91	406.49	502.79
Total	440.91	406.49	502.79

21. CURRENT TAX LIABILITY (NET)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(i) Income Tax (net)	-	53.58	-
Total	-	53.58	-

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

22. REVENUE FROM OPERATIONS

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
a) Sales of Products	72,806.11	71,236.09
b) Sales of FPS / MEIS Licences	1,867.33	1,753.89
c) Energy Sales	532.97	482.32
	75,206.41	73,472.30
Total	75,206.41	73,472.30
Abstract		
a) Bulk Drugs / Intermediates	62,169.05	64,980.19
b) Formulation	9,004.66	4,846.83
c) FPS/ MEIS Licences	1,867.33	1,753.89
d) Power	532.97	482.32
e) Trading	955.48	924.12
f) Others	676.91	484.95
Total	75,206.41	73,472.30

23. OTHER OPERATING REVENUES

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Product development revenue	3,946.98	4,908.95
Total	3,946.98	4,908.95

24. OTHER INCOME

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(i) Interest Income on :		
a) Deposit with bank	178.40	18.62
b) Others	172.09	271.34
(ii) Liabilities written back	42.26	20.92
(iii) Provision written back	0.69	1.63
(iv) Income from sale of carbon credits (Net)	0.87	0.65
(v) Dividend on current investments	22.31	9.18
(vi) Entry tax refund	-	19.47
(vii) Interest rate swap on ECB	-	13.36
(viii) Gain on Investment in Mutual Fund	1,286.54	998.06
(ix) Corporate Guarantee Fees	19.64	30.30
(x) Government grant	57.57	38.76
(xi) Dividend on preference shares	166.50	166.50
(xii) Miscellaneous	220.89	378.34
Total	2,167.76	1,967.13

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

25. COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Inventory at the beginning of the year	7,448.45	6,901.76
Add: Purchases	34,541.93	41,643.17
Less: Inventory at the end of the year	11,195.68	7,448.45
Cost of raw materials and packing materials consumed	30,794.70	41,096.48

26. PURCHASES OF STOCK-IN-TRADE

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Purchase of Medicines / Bulk Drugs/ Others	588.70	730.24
Total	588.70	730.24

27. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Opening inventories		
(i) Finished goods	4,587.10	2,135.80
(ii) Work-in-process	6,041.56	3,846.40
Closing inventories		
(i) Finished goods	4,585.94	4,587.10
(ii) Work-in-process	1,838.56	6,041.56
(Increase) / Decrease in Inventory	4,204.16	(4,646.46)

28. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(i) Salaries, wages, and bonus	13,441.50	11,515.53
(ii) Contribution to provident/gratuity and other funds	1,192.96	1,058.31
(iii) Staff welfare expenses	279.42	212.77
Total	14,913.88	12,786.61

29. FINANCE COST

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Interest expense on :		
(i) Working capital facility	204.45	222.28
(ii) Term loans	0.31	44.86
(iii) Others	19.34	21.00
(iv) Dividend on cumulative redeemable preference shares	42.02	25.33
Total	266.12	313.47

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

30. OTHER EXPENSES

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(a) Power and fuel	2,885.98	2,630.32
(b) Repairs and maintenance		
(i) Buildings	375.28	501.96
(ii) Plant and machinery	1,414.98	1,256.24
(iii) Others	239.78	124.76
(c) Rent	227.09	226.88
(d) Exchange Loss / (Gain) Net	(1,093.82)	(966.65)
(e) Rates and taxes,	370.06	130.56
(f) Insurance	201.71	126.55
(g) Travelling and conveyance	364.91	265.07
(h) Contractor labour charges	899.32	694.55
(i) Legal & Professional fees	804.48	709.56
(j) Facility fees	258.72	214.86
(k) Payments to auditors (refer note no 39)	18.10	18.80
(l) Research and development expenses	2,727.66	2,407.73
(m) Transportation charges	286.77	261.65
(n) Brokerage and Commission	165.79	150.83
(o) Job work charges	16.23	8.40
(p) Directors Sitting Fees	2.31	2.90
(q) Sales Promotion & Advertisement	102.88	73.10
(r) Bad Debts / Advance Written-off	26.32	85.26
(s) Clearing and forwarding expenses	355.48	236.21
(t) (Profit) Loss on sale /Discard of Assets.	16.55	2.78
(u) VAT/ Entry tax	12.57	14.76
(v) CSR Expenses	245.64	193.07
(w) Capital advances written-off	-	282.01
(x) Miscellaneous Expenses	1,240.06	1,168.85
Total	12,164.85	10,821.01

31. EXCEPTIONAL EXPENSE / (INCOME)

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Impairment in value of investments in subsidiary	-	454.15
Total	-	454.15

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

32. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(i) Foreign letter of credit	368.60	530.31
(ii) Bank guarantees/Corporate guarantee*	10,512.86	10,493.86
(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	6,147.75	1,798.05
(iv) Others	160.49	160.49
Total	17,189.70	12,982.71

* The outstanding Liability against the Corporate Guarantee given for one of its Joint Venture is Rs.5578.51 lakhs (PY 7,501.14 Lakhs).

33. EMPLOYEE BENEFIT PLANS

(i) Provided fund

Defined Contribution Plain	As at 31 st March, 2018	As at 31 st March, 2017
Provided fund	402.36	358.26

(ii) Defined benefit plan (Gratuity)

(a) Holding Company

Movement of present value of the defined benefit obligation	As at 31 st March, 2018	As at 31 st March, 2017
i) Change in defined benefit obligation		
Obligations at year beginning	691.17	552.91
Service cost	141.44	102.15
Interest on defined benefit obligation	50.79	44.23
Benefits settled	(9.62)	-
Actuarial (gain)/loss	(37.20)	(8.12)
Obligations at year end	836.58	691.17
ii) Change in plan assets	162.92	162.92
Plans assets at year beginning, at fair value	-	-
Adjustment to opening fund	-	-
Expected return on plan assets	11.70	11.91
Actuarial gain/(loss)	(11.41)	(11.91)
Employer contribution	-	-
Benefits payout	(9.61)	-
Plans assets at year end, at fair value	153.60	162.92
iii) Amount recognised in the balance sheet		
Closing BPO	836.58	691.17
Closing fair value of plan assets	153.60	162.92
Closing funded status	682.98	528.25
Unrecognised actuarial (gains)/losses		
Net asset/(liability) recognized in the balance sheet	682.98	528.25

(Contd.)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

EMPLOYEE BENEFIT PLANS (Contd.)

Movement of present value of the defined benefit obligation	As at 31 st March, 2018	As at 31 st March, 2017
iv) Expenses recognised in the statement of P & L account		
Service cost	141.44	102.16
Interest cost	50.79	44.23
Expected return on plan assets	(11.70)	(11.91)
Expenses recognised in the statement of Other Comprehensive income.		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(28.96)	-
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	126.61	62.36
Actuarial (Gain)/ Losses due to Experience on DBO	(134.83)	(66.67)
Return on Plan Assets (Greater) / Less than Discount rate	11.40	11.91
Total actuarial (gain)/loss included in OCI	(25.78)	7.60
v) Assets Information		
i) Insured (fund is manager Life Insurance Corporation of India)	153.60	162.92
%	18.36	23.57
ii) Non fund based (Company manages at its own)	682.98	528.25
%	81.64	76.43
vi) Principal actuarial assumptions		
Interest rate		
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.40%	7.31%
Expected rate of return on assets	7.40%	7.31%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10%	8%
Attrition rate of employees	8%	5%.
Retirement age of employees (Years)	58.00	58.00

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

(b) Indian Subsidiary Companies

Defined benefit plan (Gratuity)	As at 31 st March, 2018	As at 31 st March, 2017
Obligations at year beginning	34.41	-
Service Cost	15.07	34.41
Interest on Defined Benefit Obligation	2.62	-
Benefits Settled	-	-
Actuarial (Gain)/Loss	(17.55)	-
Obligations at year end	34.55	34.41

(Contd.)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Defined benefit plan (Gratuity)	As at 31 st March, 2018	As at 31 st March, 2017
Change in Plan Assets	-	-
Plans Assets at year beginning, at Fair value	-	-
Expected Return on Plan Assets	-	-
Actuarial (Gain)/Loss	(17.55)	-
Employer Contribution	-	-
Benefits Payout	-	-
Plans Assets at year end, at Fair Value	(17.55)	-
Reconciliation of Present Value of the Obligation and the Fair Value of the Plan Assets:		
Closing PBO	34.55	34.41
Closing Fair value of Plan Assets	-	-
Closing Funded Status	(1.92)	(34.41)
Unrecognised actuarial (Gains)/Losses	-	-
Net Asset/(Liability) Recognized in the Balance Sheet	(1.92)	(34.41)
Expenses Recognised in the P & L Account		
Service Cost	15.89	15.25
Interest Cost	2.62	1.69
Expected Return on Plan Assets	-	-
Actuarial (Gain)/Loss	(17.55)	-
Net Gratuity Cost	0.96	16.94

Defined benefit plan (Gratuity)	As at 31 st March, 2018	As at 31 st March, 2017
C. Principal Actuarial Assumptions		
Interest Rate		
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.59%	7.31%
Expected rate of return on assets	-	-
Salary escalation (taking into account inflation, seniority, promotion and other relevant factors)	13%	10%
Attrition rate of employees	5%	5%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

34. FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	As at 31 st March, 2018				As at 31 st March, 2017			
	Carrying Amount	Level of Input used in (Fair value)			Carrying Amount	Level of input used in (Fair value)		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level-3
FINANCIAL ASSETS								
I. At Amortized Cost								
Non-current investments	2,078.92	-	-	-	2,799.14	-	-	-
Loans	886.38	-	-	-	1,371.23	-	-	-
Trade receivables	22,032.96	-	-	-	17,092.56	-	-	-
Cash & bank balances	7,364.09	-	-	-	9,983.70	-	-	-
Other bank balances	18.69	-	-	-	55.46	-	-	-
Other financial assets	1497.42	-	-	-	1,473.21	-	-	-
Total	33,878.46	-	-	-	46,204.76			
II. At FVTPL								
Current investment	-	11,954.39	21,039.38	-	-	22,462.36	-	-
	-	11,954.39	21,039.38	-	-	22,462.36	-	-
FINANCIAL LIABILITIES								
Borrowings	9,811.56	-	-	-	9,240.84	-	-	-
Trade payables	11,047.30	-	-	-	11,185.61	-	-	-
Other financial liabilities	1,853.29	-	-	-	1,332.21	-	-	-
	22,712.15	-	-	-	21,758.66	-	-	-
III. At FVTOCI								
Borrowings	-	-	6,811.24	-	-		14,250.31	
Other financial liabilities	-	-	2,481.82	-	-		653.92	
	-	-	9,293.06	-	-		14,903.23	

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Valuation techniques used to determine fair value:

- 1) The use of quoted market prices or dealer quotes for similar instruments.
- 2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- 3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

35. FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liabilities may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD and EURO currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
	USD	EURO	USD	EURO
Loan	-	-	-	-
Trade receivables	164.67	0.46	102.78	-
Cash and cash equivalents	0.09	0.10	9.21	-
Long term borrowings	-	-	-	(0.50)
Short-term borrowings	(128.72)	-	(126.52)	-
Trade payables	(105.62)	(11.32)	(119.50)	(9.31)
Other current financial liabilities	-	-	-	(0.12)
Net foreign currency risk	(69.58)	(10.76)	(134.03)	(9.93)

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2018	As at 31 st March, 2017
USD-Sensitivity				
Increase by 1% (loss)	(45.26)	-	-	-
Decrease by 1% gain	45.26	-	-	-
Euro-Sensitivity				
Increase by 1% (loss)	(8.67)	(6.45)	-	-
Decrease by 1% gain	8.67	6.45	-	-

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax for the year ended March 31, 2018 and March 31, 2017 respectively.

Particulars	31 st March, 2018	31 st March, 2017
Change in 0.50% interest on WCL	49.06	46.20

Note :

1. The Company has hedge ECB loan availed from Standard chartered bank. Therefore not subject to interest risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates..
2. Interest on term loan from HSBC is not considered for interest rate risk as interest on such term loan is capitalized till the assets are put to use and are not charged to profit & loss account.

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered, under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Two customer are accounted for more then 10% of the trade receivable as of 31st March, 2018 and 31st March, 2017. Since the Company is dealing with said two customers from past several years, hence there is no concordant risk in dealing with said customers.

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	31 st March, 2018	31 st March, 2017
Impairment loss recognised - Trade receivable	12.06	85.26
%	0.05	0.50

(C) Liquidity risk

Liquidity risk is the risk that the Company will encount difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018

Particulars	On Demand	< 01 year	01 to 5 years	> 5 years
Short term borrowing	9,811.56	-	-	-
Long term borrowings	-	2,481.83	6,811.85	-
Trade and other payable	-	11,047.30	-	-
	9,811.56	13,529.13	6,811.85	-

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017

Particulars	On Demand	< 01 year	01 to 5 years	> 5 years
Short term borrowing	9,240.84	-	-	-
Long term borrowings	-	653.92	13,625.31	625.00
Trade and other payable	-	11,185.61	-	-
	9,240.84	11,839.53	13,625.31	625.00

36. CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Total equity attributable to the equity shareholders of the Company	108,503.31	98,689.68
As a percentage of total capital		
Long-term borrowings	9,293.67	14,904.23
Short-term borrowings	9,811.56	9,240.84
Total Debts	19,105.23	24,145.07
Net Debt to Equity Ratio	0.18	0.24

37. EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Profit for the year after OCI	10,633.73	10,575.23
Shares:		
Weighted average shares used for computing basic EPS	80,533,478	77,897,520
Weighted average shares used for computing diluted EPS	80,533,478	77,897,520
Earning Per Shares:		
Basic (in Rs.)	13.20	13.58
Diluted (in Rs.)	13.20	13.58

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

38. RECONCILIATION OF TAX EXPENSES

(i) Income tax

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Current tax on profit for the year	3,495.31	3,579.93
MAT Credit Entitlement	(757.51)	(664.20)
Deferred tax expenses (income) origination and reversal of temporary differences	652.34	1,290.37
	3,390.14	4,206.09
Amount recognised in statement of profit & loss account	13,676.75	15,103.38
Share of Profit / (loss) of Associates / Joint ventures	719.03	613.81
	14,395.78	15,717.19
Tax at enacted tax rate in India C.Y. 34.608% (P.Y. 34.608%)	4,982.09	5,439.41
Non-deductible expense	147.47	384.13
Weighted deduction on research and development expenditure	(1,376.36)	(1,600.15)
Exempt income and other deductions (net)	(1,130.33)	(513.30)
Non taxable subsidiaries and effect of differential tax rate	378.74	147.90
Unrecognised Deferred Tax Assets	330.95	289.49
Others	58.01	58.62
Income tax expenses	3,390.57	4,206.09
Effective tax rate	23.56	26.76

(II) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Movement of Deferred Tax Assets/Liabilities	As at 31 st March, 2018	As at 31 st March, 2017
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	9,254.17	8,440.97
Investments recognised at (Fair Value Through P&L A/c)	417.99	413.74
Others	19.55	228.00
Gross Deferred Tax Liabilities	9,691.71	9,082.71
Defined benefit obligations	226.87	166.38
Employees benefit liability	20.18	19.04
Cross Currency Swap	(10.95)	62.38
On unobserved loss of Subsidiary	273.85	243.60
Gross Deferred Tax assets	509.95	491.39
Net Liability	9,181.76	8,591.31

Movement in Deferred Tax Assets/ Liabilities	As at 01 st April, 2017	Recognised in statement of profit and loss	Recognised in OCI	As at 31 st March, 2018
Deferred Tax Assets				
Defined benefit obligations	166.38	60.49	-	226.87
Employees benefit liability	19.04	1.14	-	20.18
Cross Currency Swap	62.38	-	(73.33)	(10.95)
On unobserved loss of Subsidiary	243.60	30.25	-	273.85
Deferred Tax Liabilities				
Property, plant and equipment, and intangible assets	8,440.97	813.20	-	9,254.17
Investments recognised at fair value	413.74	4.25	-	417.99
Others	228.00	(208.44)	-	19.55
Net Liability	8,591.31	517.12	73.33	9,181.76

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

39. PAYMENTS TO AUDITORS:

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Statutory Audit	18.10	11.30
Tax Audit	-	3.50
Certification	-	4.00
Reimbursement of expenses	0.34	-
Total	18.44	18.80

Note: Excluding applicable tax.

40. SEGMENT INFORMATION

The Company is mainly engaged in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of “pharmaceutical products”. In accordance with the provision of Ind AS -108 power segment is not falling in the prescribed limits specified under Ind AS 108, hence segment reporting is not applicable

(a) Information about Products and Services:

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Pharmaceutical products and services	75,120.69	74,735.97
Power sales	532.97	482.32
Others	3,499.72	3,162.96
Total	79,153.39	78,381.25

(b) Information about Geographical areas:

i) Revenue	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
A) Within India	32,142.11	22,685.84
B) Outside India		
i) USA	11,227.61	6,214.01
ii) Europe	28,438.58	41,465.75
iii) ROW	7,345.09	8,015.65
Total	79,153.39	78,381.25

(ii) Non-current assets

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
A) Within India	83,882.20	72,846.99
B) Outside India	2,085.19	1,385.66
Total	85,967.39	74,232.65

(c) Information about major customers:

The Company has two customers who contributed more than 10% of the Company's total revenue during the current and previous year.

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

41. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

The disclosures regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December 2016 as defined in MCA notification G.S.R. 308 dated March 30, 2017, details of Specified Bank Notes (SBN) are as below.

Particulars	Specified Bank Notes [#]	Other denomination	Total
Closing cash in hand as on November 8, 2016	3.80	7.60	11.40
(+) Permitted receipts	-	38.13	38.13
(-) Permitted payments	-	29.54	29.54
(-) Amount deposited in Banks	3.80	-	3.80
Closing cash in hand as on December 30, 2016	-	16.19	16.19

[#]Specified Bank Notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

42. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during current year are listed below:

List of Related Parties

1. Associates

- Reva Pharmachem Pvt. Ltd.

2. Joint Venture (JV)

- Maia Pharmaceuticals INC.
- Raichem Medicare Pvt. Ltd.
- Reva Medicare Pvt. Ltd.

3. (i) Key Management Personnel-(KMP)

- Omprakash Inani - Chairman
- Vishnukant C. Bhutada - Managing Director
- Vimal Kumar Shrawat - Chief Operating Officer
- Rajendra Dugar - Chief Financial Officer (Resigned)
- Sushil Bajaj - Chief Financial Officer
- Madhusudhan Reddy - Company Secretary

(ii) Remuneration paid to other Directors

- Ajeet Singh Karan-Independent Director
- Carlton Felix Pereira-Independent Director
- Pramod Kasat-Independent Director
- Rajender Sunki Reddy-Independent Director
- N.P.S Shinh-Independent Director
- Namrata Bhutada-Non-Executive Director

4. Relatives

- Deepak Kumar Inani
- Keshav Bhutada
- Madhav Bhutada
- Triveni Inani

5. Enterprises having common Directors/ Board of Trustees

- Shilpa Foundation
- Mohini Infra (P) Ltd

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2017 to March 2018 (Income) / Expenses Other Transaction	Balance as at 31 st March 2018 Pay- able / (Receiv- able)	April 2016 to March 2017 (Income) / Expenses Other Transaction	Balance as at 31 st March 2017 Pay- able / (Receiv- able)
Remuneration paid to Key Management Personnel							
i)	Omprakash Inani	Chairman	Sitting fees	0.40	-	0.40	-
ii)	Vishnukant.C. Bhutada	Managing Director	Salary and perquisites*	805.49	426.69	805.50	418.95
iii)	Vimal Kumar Shrawat	Chief Operating Officer	Salary and perquisites	154.08	13.56	137.85	10.82
iv)	Rajendra Dugar	Chief Financial Officer	Salary and perquisites	22.55	-	17.04	2.04
v)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	17.58	1.50	-	-
vi)	Madhusudhan Reddy	Company Secretary	Salary and perquisites	5.46	0.40	4.62	0.31
vii)	N.C. Bhandari	Chief Financial Officer	Salary and perquisites	-	-	7.69	-
viii)	Sunjani Vasireddy	Company Secretary	Salary and perquisites	-	-	0.90	-
Remuneration paid to other Directors							
i)	Ajeet Singh Karan	Independent Director	Sitting Fees	0.40	-	0.40	-
ii)	Carlton Felix Pereira	Independent Director	Sitting Fees	0.40	-	0.40	-
iii)	Pramod Kasat	Independent Director	Sitting Fees	0.40	-	0.30	-
iv)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.20	-	0.30	-
v)	N.P.S Shinh	Independent Director	Sitting Fees	0.30	-	0.30	-
vi)	Namrata Bhutada	Non-Executive Director	Sitting Fees	0.30	-	0.40	-
Relative							
i)	Deepak Kumar Inani	Relative to Chairman	Salary	31.32	8.02	22.14	1.30
ii)	Keshav Bhutada	Relative to Managing Director	Salary	10.18	1.45	5.38	0.73
iii)	Madhav Bhutada	Relative to Managing Director	Salary	10.18	1.45	5.38	0.73
iv)	Keshav Bhutada	Relative to Managing Director	Rent	3.60	0.81	0.90	-
v)	Madhav Bhutada	Relative to Managing Director	Rent	3.60	0.81	0.90	-
vi)	Triveni Inani	Relative to Chairman	Rent	2.55	0.57	-	-
Others							
i)	Raichem Medicare Pvt.Ltd.	Joint Venture	Purchases of goods	85.29	-	4,001.70	-
			Sales of product / others	(645.26)	-	(2,644.96)	-
			Interest	(142.36)	-	(236.80)	-
			Dividend on preference shares	(166.50)	-	(166.50)	-
			Dividend accrued on preference shares	-	(559.20)	-	(399.70)
			Trade receivable		(4,986.10)		(3,081.51)
			Loan		(762.95)		

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2017 to March 2018	Balance as at 31 st March 2018 Pay-able / (Receiv-able)	April 2016 to March 2017	Balance as at 31 st March 2017 Pay-able / (Receiv-able)
				(Income) / Expenses Other Transaction	-	(Income) / Expenses Other Transaction	-
			Corporate Guarantees to Banks **	-	(10,493.80)	-	(10,493.80)
ii)	Reva Pharmachem Pvt. Ltd.	Associate	Sales	-	-	(14.19)	-
			Commission	13.30	-	13.00	-
			Expenses Reimbursement	(3.00)	-	(3.00)	-
			Interest	(16.27)	-	(20.15)	-
			Loan	-	(189.99)	-	(175.00)
iii)	Reva Medicare Pvt. Ltd.	Joint Venture	Commission	32.24	-	-	-
			Trade Payable		15.59		
iv)	Maia Pharmaceuticals INC, USA	Joint Venture	Trade Receivable	-	(156.93)	-	(156.44)
Others							
i)	Shilpa Foundation	Trust in which key management personnels are Trustees		245.64	-	327.98	-
ii)	Mohini Infra (P) Ltd.	Company in which key management personnels are Directors		7.12	3.83	26.30	-

Note:

- The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.
- As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

* payable includes commission provision (net of TDS)

** the outstanding liabilities against corporate guarantee given to banks on behalf of Raichem Medicare Pvt Ltd is for the financial year ended 31st March, 2018 is Rs.5578.51 (Previous Year Rs.7501.14)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

43. OPERATING LEASE

The Group has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Not later than one year	52.40	16.71
Later than one year and not later than five years	150.23	66.88
Later than five years	2,319.45	380.35
Total	2,522.08	463.94

(b) Building

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Not later than one year	139.45	143.55
Total	139.45	143.55

44. A sum of Rs. 278.26 lakhs is payable to Micro, Small and Medium Enterprises as at 31st March, 2018 (Rs. 185.31 lakhs as at 31st March, 2017). There are no Micro, Small and Medium Enterprises, to whom the Company owes, which are outstanding for more than 45 days during the year and also as at 31st March, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.
45. Out of the sum of Rs 41.78 lakhs (P.Y Rs. 48.27 lakhs) the Company is in the process of filing appeal before the Karnataka Appellate Tribunal for refund of input tax paid on Capital Goods amounting to Rs.26.48 lakhs (P.Y Rs.26.48 lakhs) and Rs. 2.43 Lakhs paid on regular consumable items which in its opinion are allowable under the Act, however disallowed by the assessing authority under Karnataka Value Added Tax Act, 2003. The same is shown under note 7 b(ii).
46. Navya Biological Pvt. Ltd. Hubli has been merged with the Company with effect from 1 April 2016. A petition for sanctioning the scheme of merger has been filed with the "National Company Law Tribunal (NCLT), Bengaluru Bench, Bengaluru". The scheme has been approved by NCLT vide their order dated 24/11/2017 with effective date 01.04.2016. The consideration of merger has been paid in the form of equity shares 1399994 at face value of Rs 1/- each.

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

47. Business Combination

Aquired Company	Holding	Purchase consideration
Navya Biological Pvt. Ltd. Hubli	100%	paid in equity

The Purchase price allocation as per Ind AS 103 Business Combination has resulted into recognition of following assets and liabilities:

Particulars	Acquired at fair value	Acquired at amortized cost	Total
Non- Current Assets			
Property, plant & equipment.	795.45		795.45
Intangible assets	1,045.00	10.00	1,055.00
Intangible assets under development	4,795.00		4,795.00
Current Assets			
(a) Inventories	-	3.52	3.52
(b) Financial assets			
(i) Trade receivables	-	11.53	11.53
(ii) Cash and cash equivalents	-	62.24	62.24
(iii) Others financial assets	-	64.45	64.45
(iv) Other current assets	-	6.82	6.82
Total Assets	6,635.45	158.56	6,794.01
Non Current Liability			
(i) Deferred Tax liabilities	2,123.48	-	2,123.48
Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	243.90	-	243.90
(ii) Trade payables	-	11.84	11.84
(iii) Other financial liabilities	-	13.53	13.53
(b) Other Current liability	-	18.00	18.00
(c) Provisions	-	36.36	36.36
Total Liabilities	2,367.38	79.73	2,447.11
Net Assets	4,268.07	78.83	4,346.90

Calculation of goodwill

Consideration transferred	6,999.97
Less: Net assets acquired	(4346.90)
Goodwill	2653.07

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2018

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

48. Equity shares allotted during C.Y 13,99,994 (P.Y 30,25,000) are considered for computing weighted EPS.
49. Preference shares dividend from joint ventures amounting to Rs.226.20 lakhs has not been recognised in the earlier to previous financial year. Effect of such cumulative preference dividend has been shown as “Prior period error” under the head “Other Equity”.
50. Balances of trade receivables/trade payables/advances and security deposits are subject to confirmation.
51. Figures of the previous year have been regrouped/rearranged wherever necessary.

As per our report of even date attached

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.000513S

Sd/-
K. Shravan
Partner
M.No. 215798

Place : Hyderabad
Date : 28th May, 2018

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Madhusudhan Reddy
Company Secretary
M.No. 33355

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No. 206501

ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF COMPANY CONSOLIDATED AS SUBSIDIARY

(Amount In Rs Lakhs)

Sl. No.	Name of The Company	Net Assets i.e. Total Assets Minus Total Liabilities		Share in Profit & Loss Account		Share in other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount	As % of Consolidated Profit / Loss	Amount	As % of Consolidated other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
A	Parent - Indian								
	Shilpa Medicare Limited	106.63	115697.95	129.53	13323.87	99.00	108.29	126.23	13432.16
B	(a) Subsidiaries - Indian								
1	Shilpa Therapeutics Private Ltd	0.13	141.00	(1.76)	(184.90)	-	-	(1.74)	(184.90)
2	INM Technology Private Limited	(1.70)	(1836.03)	(9.05)	(952.95)	1.00	1.25	(8.95)	(951.68)
	(b) Subsidiaries - Foreign								
1	Makindus. Inc	(0.29)	(303.27)	-	-	-	-	-	-
2	Koanna Healthcare Limited (UK)	(0.48)	(517.37)	(0.26)	(27.79)	-	-	(0.26)	(27.79)
3	Koanna Healthcare Limited GmbH (Austria)	(1.58)	(1700.24)	(9.76)	(1027.05)			(9.66)	(1027.05)
4	Zatortia Holding Limited	2.47	2670.93	(0.01)	(2.01)	-	-	(0.01)	(2.01)
5	Loba Feinchemie GmbH	1.28	1385.95	(0.41)	(43.62)	-	-	(0.41)	(43.62)
C	Non Controlling Interests in all Subsidiaries	0.55	(593.11)	(2.26)	(238.23)	0.28	0.31	(2.23)	(237.92)
D	(a) Associates (Investment as per equity method) - Indian								
1	Reva Pharma Chem Private Limited	(0.17)	(187.77)	0.09	9.14	-	-	0.09	9.14
E	(a) Joint Ventures (Investment as per equity method) - Indian								
1	Reva Medicare Private Limited	0.11	118.53	0.27	28.08	-	-	0.26	28.08
2	Raichem Medicare (P) Ltd	(1.23)	(1,325.21)	(8.41)	(885.19)	1.22	1.34	(8.31)	(883.85)
	(b) Joint Ventures (Investment as per equity method) - foreign								
1	Maia Pharmaceuticals Inc.	0.63	678.94	1.21	127.63	-	-	1.20	127.63



Innovating for
affordable healthcare

Shilpa Medicare Limited

CIN : L85110KA1987PLC008739

Registered Office: # 12-6-214/A-1, Hyderabad Road, Raichur - 584 135

• E-mail : info@vbshilpa.com • Website : www.vbshilpa.com

31st ANNUAL GENERAL MEETING

ADMISSION SLIP

DATE

17th September, 2018

VENUE

12-6-214/A-1,
Hyderabad Road,
Raichur - 584 135

TIME

12.15 P.M.

Name & Address of Member

Serial No. :

I certify that I am a Member / Proxy for the Member holding _____ shares.

Please (✓) in the box

☐

Member

☐

Proxy

Name of the Proxy in Block Letters

Signature of Member/Proxy attending

- NOTES:**
- i) Member/Proxy attending the Annual General Meeting (AGM) must bring is/her Admission Slip which should be signed and deposited before entry into the meeting hall.
 - ii) Duplicate Admission Slip will not be issued at the venue.



ELECTRONIC VOTING

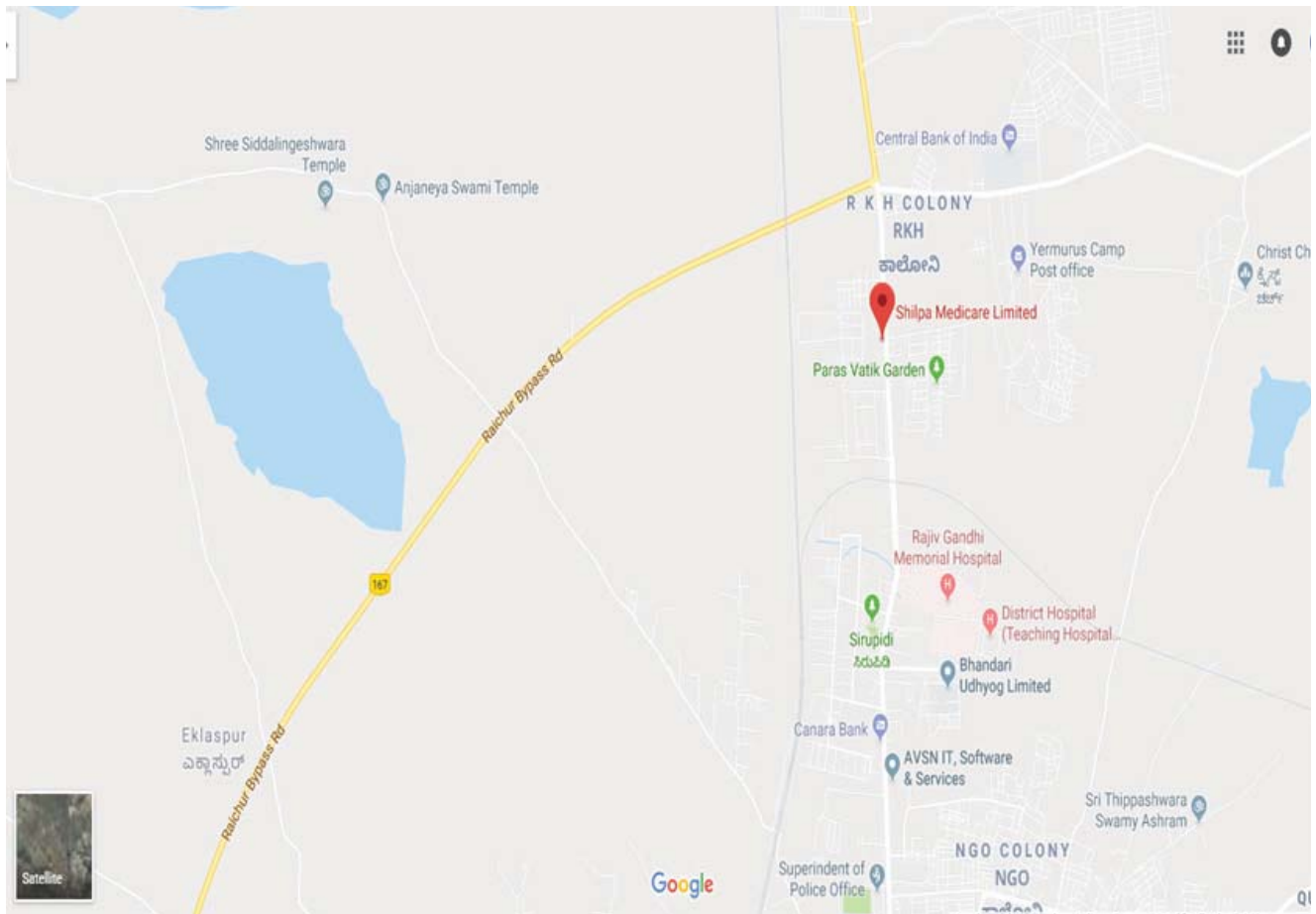
Electronic voting (e voting) facility is being provided in respect of resolution proposed at the 31st AGM, in accordance with section 108 of Companies Act, 2013 read with rule 20 of companies (Management and administration) rules, 2014. Please see note no. 18 dated 13th August, 2018 convening the AGM for the procedure with respect to e-voting.

Your e-voting user ID and password are provided below:

Electronic Voting Event Number (EVEN)	User ID	Password
		Use your existing password



AGM Route Map



Route Map to reach the AGM Venue
Shilpa Medicare Limited
#12-6-214/A-1, Hyderabad Road
Raichur, Karnataka 584135



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Shilpa Medicare Limited

CIN : L85110KA1987PLC008739

Registered Office: # 12-6-214/A-1, Hyderabad Road, Raichur - 584 135

• E-mail : info@vbshilpa.com • Website : www.vbshilpa.com

31st ANNUAL GENERAL MEETING

PROXY FORM

Serial No. :

1. Name(s) of Member(s) :
including joint holders, if any
2. Registered address of the :
sole/first named Member
3. E-mail ID :
4. DP ID No. & Client ID No. / :
Registered Folio No.

I / We, being the Member(s) of _____ shares of **Shilpa Medicare Limited**, hereby appoint

(1) Name : _____ Address : _____

E-mail ID : _____ Signature : _____

or failing him

(2) Name : _____ Address : _____

E-mail ID : _____ Signature : _____

or failing him

(3) Name : _____ Address : _____

E-mail ID : _____ Signature : _____

as my proxy to attend and vote for me/us on my behalf at 31st Annual General Meeting of Shilpa Medicare Limited to be held on 17th September, 2018 at 12:15 P.M. at the registered office of the company being #12-6-214/A-1, Hyderabad Road, Raichur, Karnataka 584135 in respect of resolution mentioned hereunder.



Resolution Number	Description	Optional (✓)	
		For	Against
Ordinary Business			
1.	Adoption of Annual audited accounts standalone and consolidated for the financial year ended 31st March 2018 and auditor Report thereon along with directors’ report..		
2.	To confirm the interim dividend of Rs 0.70 per share paid and declare the same as dividend for the financial year 2017-18.		
3.	To appoint a director in place of Mr. Omprakash Inani (DIN: 01301385) who retires by rotation and being eligible offers himself for reappointment.		
Special Business			
4.	Ratification of remuneration of cost auditors.		
5.	Approval of Related Party Transactions.		
6.	Approval for giving loans to its subsidiaries, Joint ventures and Associate Companies.		

Signed this _____ day of _____ 2018.

Signature of shareholder:

Affix Rs.1/-
Revenue
Stamp

- NOTE :**
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
 2. A person can act as proxy on behalf of Members not exceeding fifty (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 carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

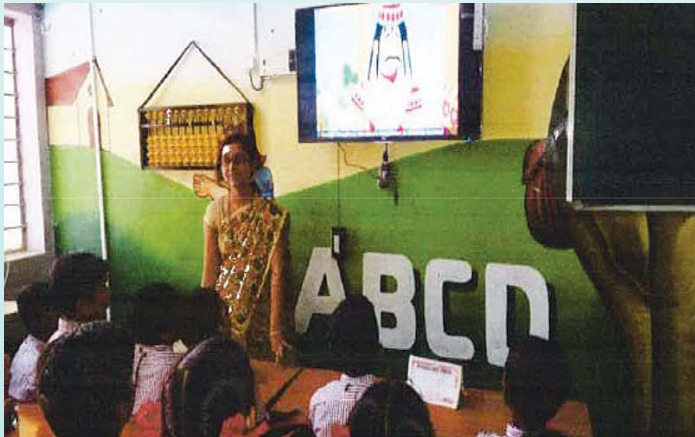
Corporate Social Responsibility activities taken up by the Company under the aegis of SHILPA FOUNDATION



Classrooms Upgradation/Chairs & Tables are donated at Heggasanhalli Village, Raichur.



Organizing Blood Donation Camp



Advance digital facility provided to schools in rural areas.



Inauguration of Drinking Water RO plant by Minister C. Laxma Reddy at Gundllagadda Thanda, Polepally Village, Jadcherla Mandal, Telengana.



Honouring to School Teachers on "Teacher's Day".



World Disable Day awareness program.

Book Post



CORPORATE OFFICE - SHILPA HOUSE

If Undelivered Please return to



Innovating for
affordable healthcare

SHILPA MEDICARE LIMITED

"Shilpa House"

12-6-214/A-1, Hyderabad Road,
RAICHUR - 584 135, Karnataka, India

Phone: +91 8532-238704

Fax: +91 8532 238876

E-mail: info@vbshilpa.com

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