ALKEM
ALKEM LABORATORIES LTD.
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CIN :- L00305MH1973PLC174201

31st August, 2018

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

Re: Annual Report for the financial year ended 31st March, 2018 under Regulation 34 of Listing Obligations and disclosure Requirement Regulations, 2015 ("SEBI LODR Regulations")

Dear Sirs,

The 44th Annual General Meeting of the Company was held today i.e. on Friday, 31st August, 2018. In compliance with the provisions of Regulations 34(1) of the SEBI LODR Regulations, please find enclosed herewith Annual Report for financial year ended 31st March, 2018 duly approved and adopted by the Members of the Company.

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

Sincerely,
For **Alkem Laboratories Limited**

ALKEM LABORATORIES LIMITED MUMBAI, INDIA.

Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a

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ALKEM LABORATORIES LIMITED

ANNUAL REPORT
2017-18

BUILDING PLATFORMS FOR SUSTAINABLE GROWTH

Index

Corporate Overview

Statutory Reports

Financial Statements

Key figures - 2017-18

₹ 64,312 mn
TOTAL REVENUE

₹ 10,284 mn
EBITDA

₹ 6,309 mn
PAT

₹ 52.77
EPS

Building Platforms for Sustainable Growth

At Alkem, building value over the long-term is rooted in our culture. Driven by the belief that continued progress is vital to creating a sustainable business, the Company invested significant resources on corporate expansion during the year.

The Company is focused on reinforcing the foundations of its business model by further investing in its manufacturing and R&D capabilities, building on robust supply chain and distribution network, focusing on quality and compliance, building market leading brands and covering more markets. These initiatives will help the Company transform into an organisation that delivers improved and sustainable profitability across market cycles.

The Company's growth objectives are being met by fortifying its presence in large and competitive markets like India and the US that provides rewarding opportunities. In these evolving markets, the Company needs to stay ahead of the curve and reinvest not only to build on its existing strengths but also to add newer capabilities. A comprehensive product portfolio, presence across all the major therapy areas, strong brand building and marketing capabilities, pan-India presence and an experienced management are the Company's inherent strengths that helps it to deliver market beating performance in India. The Company has also scaled up its business in the US market through regular new product launches and gaining market share in the existing products. The Company is creating capacities that can address potential demand as well as fill gaps in its current manufacturing infrastructure. The Company's opportune investment in world-class manufacturing facilities ensures adequate capacities to meet sales growth.

The Company is also continuously investing in its R&D capabilities and quality control systems to deliver high quality drugs and adhere to regulatory compliance. With these strengths, the Company has charted a business plan with strategic priorities to improve customer satisfaction and consumer well-being, enlarge its presence in developed and emerging markets, strengthen governance and risk management, improve employee engagement and meet investor expectations.

Moving forward, the Company is convinced that with the right people and a positive culture, it will continue to achieve sustainable and balanced growth. With its core strengths reinforced, the Company stands reaffirmed to its promise of building long-term value for its stakeholders.

About Us

Established in 1973, Alkem Laboratories is a leading Indian pharmaceutical company with global operations.

R&D Centre at Taloja, Maharashtra

The Company is engaged in the development, manufacturing and sale of pharmaceutical and nutraceutical products and has been continuously ranked amongst the top ten pharmaceutical companies in India. The Company features amongst the leading companies in India in the therapeutic segments of anti-infectives, gastro-intestinal, pain management and vitamins, minerals and nutrients where it ranks amongst the top five pharmaceutical companies. The Company is also building up its scale in the fast growing chronic therapeutic segments of neuro/CNS, dermatology, cardiac and anti-diabetes. Company's leading position in India is supported by its comprehensive portfolio of 750+ brands, strong brand building and marketing capabilities and an experienced management. The Company also has a robust manufacturing infrastructure comprising of 21 manufacturing facilities across India and US. The Company is a pan-India player with an extensive sales, marketing and distribution network comprising over 8,000 medical representatives, 7,000+ stockists, 40+ sales depots and warehouses.

Apart from having a strong foothold in the domestic market, the Company also has presence in more than 50 international markets, with the US being the key focus international market. With 5 globally located R&D centres housing about 500 scientists, over 1,500 product filings in various international market, cGMP compliant manufacturing facilities and front end presence in key international markets, the Company is emerging as a significant player at the global stage.

The Company got listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in December 2015, and has a market capitalisation of ₹ 237.7 billion as on 31st March, 2018.

Scientist at R&D Centre, Taloja

Vision

To achieve value-driven leadership in the Indian Healthcare Industry and beyond through:

Quality that is infinite

Service that cares

Hard work that endures

45
Years of presence in the pharmaceutical industry

Top 10
Pharmaceutical Companies in India for more than a decade

50+
Countries global presence

No.1
Anti-infective Company in India

750+
Brands in India

21
Manufacturing units across India and the US

108
Cumulative ANDA filings in the US (as on 31st March, 2018)

~500
Scientists working across 5 R&D centres in India and the US

13,000+
Alkemites working across the globe

₹ 237.7bn
Market capitalisation as on 31st March, 2018
(Source: NSE India)

Key Therapeutic Areas and Brands in Domestic Market

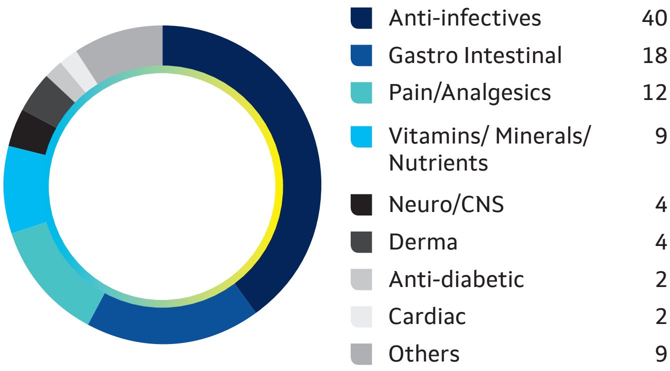
The Indian pharmaceutical market is amongst the top 10 pharmaceutical markets in the world in terms of volume and is expected to grow at 9-12% CAGR through 2017 to 2022 – one of the fastest amongst the major pharmaceutical markets in the world. Alkem is the sixth largest pharmaceutical company in India and has been amongst the top 10 pharmaceutical companies for more than a decade. The Company's mega brands like Clavam, Pan, Pan-D, Taxim, Taxim-O, A to Z NS, Gemcal and Ondem have been ranked amongst the leading brands in their respective molecule categories. 14 of the Company's brands features amongst the top 300 pharmaceutical brands in India.

The Company has a strong presence in the acute therapy areas of anti-infectives, gastro-intestinal, pain/analgesic and vitamins/ minerals/ nutrients (VMS) which constitute about 80% of the Company's overall domestic sales. The Company is also looking to build its base in the fast growing chronic therapy areas of neuro/CNS, dermatology, cardiac and anti-diabetes, where it is growing significantly faster than the market growth rate.

Source: IMS Data, MAT March 2018

Therapeutic breakup in domestic market

(%)



Source: IMS Data, MAT March 2018

Established Therapeutic Areas

Anti-infective

#1

Alkem rank

Anti-infective is the largest therapy segment in India and Alkem has been ranked the No. 1 company in this segment for more than 10 years. Eight of the Company's anti-infective brands feature amongst the top 300 pharmaceutical brands in India with annual sales in the range of ₹ 500 million to ₹ 3 billion.

Key brands

Brand name	Market position*
CLAVAM	2
TAXIM-O	2
TAXIM	1
XONE	2
PIPZO	1
ZOCEF	2
XONE-XP	2
SWICH	3

Gastro-intestinal

#3

Alkem rank

Alkem is the third largest company in the gastro-intestinal segment, offering products that help treats disorders like hyperacidity, gastric ulcers, nausea, vomiting, diarrhea, GERD and worm infestation. Company's mega brands like Pan, Pan-D and Ondem are the market leaders in their respective molecule categories. Company's Pan franchise (Pan, Pan-D, Pan-L and Pan-MPS) has annual sales of about ₹ 5 billion.

Key brands

Brand name	Market position*
PAN	1
PAN-D	1
ONDEM	1
SATROGYL O	NA

* Source: IMS Data, MAT March 2018. Ranking in their respective molecule segment.

Pain/Analgesic

#3 Alkem rank

Alkem is the third largest company in the pain/analgesic segment. Over the last four years, while the segment has grown at a CAGR of 9.1%, Alkem's growth rate in this segment has been 14.1%. Company's brands like Gemcal, Sumo and Enzoflam are amongst the leading brands in its molecule categories. Also Company's relatively newer launches like Gemcal Plus and T-Heal has shown encouraging sales.

Key brands

Brand name	Market position*
GEMCAL	1
SUMO	2
ENZOFLAM	1
SUMO-L	4
GEMTIDE	2

Vitamins, Minerals and Nutrients

#4 Alkem rank

Vitamins/ minerals/ nutrients is one of the established therapy segments of the Company. The Company features amongst the top five companies in this segment with four years CAGR of 12.3% compared to segment growth rate of 11.4%. This outperformance has largely been driven by formidable brands like A to Z NS, Uprise D3 and A to Z Gold. Company's A to Z franchise (A to Z NS, A to Z Gold and A to Z Woman) has annual sales of about ₹ 1.5 billion.

Key brands

Brand name	Market position*
A TO Z NS	4
UPRISE-D3	2
A TO Z GOLD	NA

Emerging Therapeutic Areas

Diabetology

#25 Alkem rank

Diabetes is one of the fastest growing therapy segments in India. With a market share of less than 1% in this segment, the Company has a significant room for growth. To tap this growth, the Company is not only launching indigenously developed products but is also entering into strategic alliances with innovator companies to launch their novel products in India. Company's Glucoryl franchise (Glucoryl, Glucoryl-M and Glucoryl-MV) has annual sales of more than ₹ 600 million.

Key brands

Brand name	Market position*
GLUCORYL-M	14
GLUCORYL-MV	5

Central Nervous System (CNS)

#9 Alkem rank

Alkem is amongst the top 10 companies in the neuro/ CNS segment, offering therapies for alzheimer's, dementia, stroke, migraine, epilepsy, depression and neuropathic pain management. Over the last four years, the Company has significantly outperformed the segment growth and as a result has improved its market ranking from 12th position in financial year 2015 to 9th position in financial year 2018.

Key brands

Brand name	Market position*
DONEP	1
PENTANERV-NT	3
CEHAM	2

Cardiology

#28 Alkem rank

As per the IMS data, cardiology is the second largest therapy segment in India behind anti-infectives and with growth rate higher than anti-infectives, it may soon become the largest therapy segment in India. Alkem is currently an emerging player in this large therapy segment with market share of less than 1%, but has been growing significantly ahead of the segment growth rate, thereby improving its market ranking in the segment year after year.

Key brands

Brand name	Market position*
OLKEM	10
OLKEM TRIO	2

Dermatology

#18 Alkem rank

Dermatology and cosmetology is one of the emerging therapy segments for the company. The Company has product offerings in the areas of acne, dermatitis, alopecia, fungal infection, skin revitalisation, skin infections and moisturisers. During the financial year 2018, Company's dermatology portfolio grew more than 19% compared to segment growth of about 14%.

Key brands

Brand name	Market position*
FUNGIKEM	8
ITRATUF	10
CLINDAC-A	5
KOJIGLO	2

* Source: IMS Data, MAT March 2018. Ranking in their respective molecule segment.

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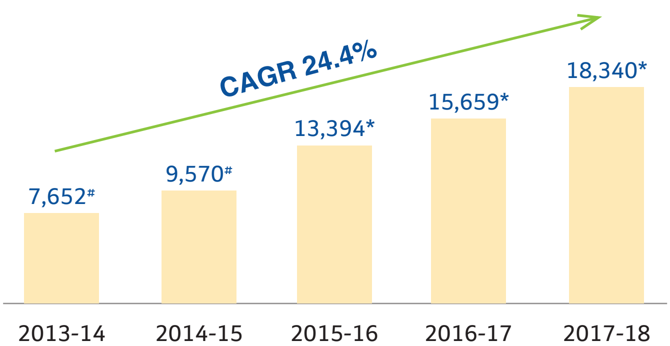
Growing International Business

The US is the key focus market for the Company's international operations. The Company has cumulatively filed more than 100 ANDAs with the US FDA and has its own front end that markets and sells its products to major pharmacy chains' stores, wholesalers, managed care companies, distributors, food and grocery stores and pharmaceutical retailers in the US under its acquired brand 'Ascend'. The Company also has six manufacturing facilities and five R&D centres, which supports its growth in the US market.

International Business Revenues (₹ in mn)



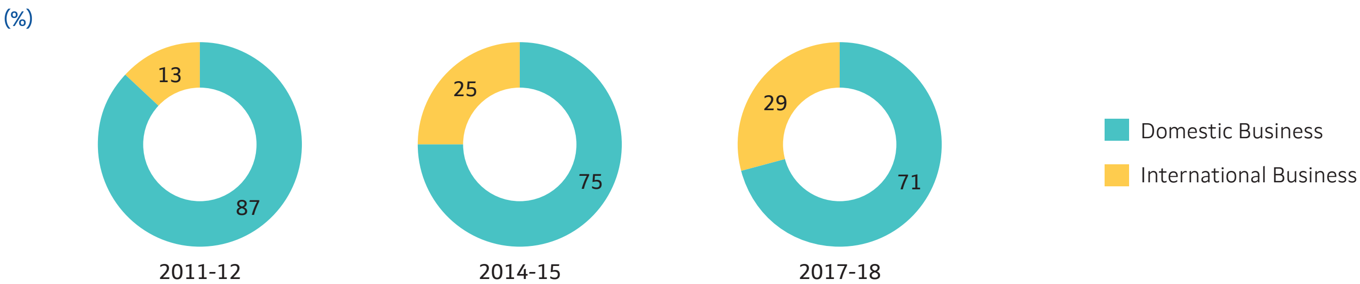
* Numbers in accordance to IND AS
\# Restated numbers

Other International Markets

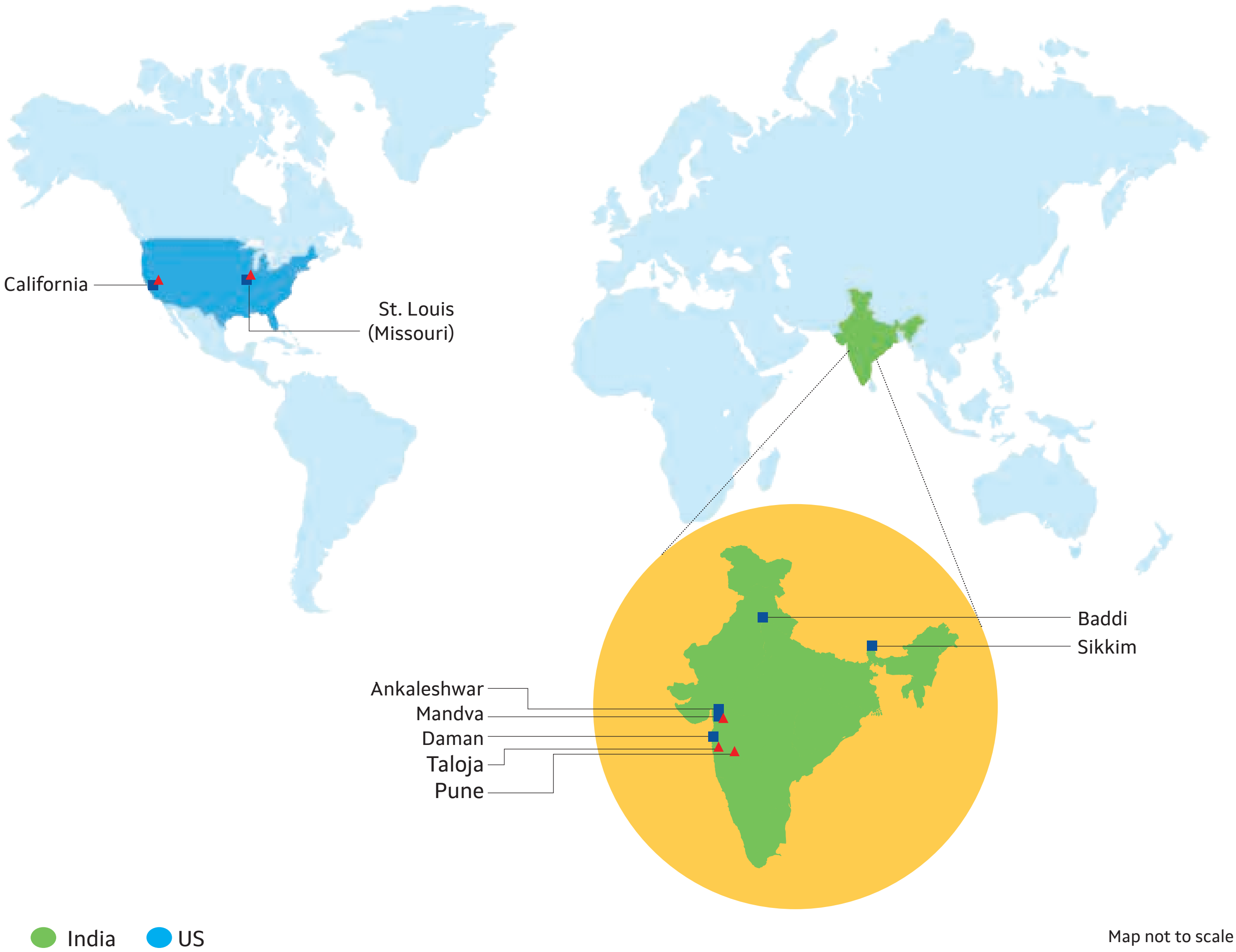
Outside the US and India, the Company also has presence in other markets like Australia, Europe, South East Asia, Latin America, Africa and CIS. Its products are sold in about 50 international markets directly or indirectly through active engagement with other companies. The Company's key markets include Australia, Chile, Philippines and Kazakhastan.

In Australia, the Company's pharmaceutical operations are run through its subsidiary, Pharmacor Pty Ltd., acquired in 2009. Pharmacor has a portfolio of approximately 100 products with its own dedicated sales and marketing team. Similarly, in Kazakhstan and Philippines, the Company operates through its own subsidiaries, which offer branded generic products catering to diverse therapeutic segments. The Company has its own field force in these markets. The Company constantly looks out for product in-licensing and out-licensing opportunities in several emerging markets to leverage its product portfolio and sales and marketing infrastructure.

Increasing Contribution of International Business Revenues



Manufacturing and R&D Facilities



Facility	No. of Facilities	Manufacturing Capabilities
Manufacturing Facilities ■		
Baddi, India	5	Formulations – Tablet, Injectables, Dry Syrup
Sikkim, India	7	Formulations – Tablet, Injectables, Dry Syrup
Daman, India	5	Formulations – Capsule Tablet, Injectables, Dry Syrup
Mandva, India	1	APIs
Ankaleshwar, India	1	APIs
California, US	1	APIs
St. Louis (Missouri), US	1	Formulations – Liquids, nasal sprays, semisolids and solids
R&D Facilities ▲		
Taloja, India	1	-
Pune, India	1	-
Mandva, India	1	-
California, US	1	-
St. Louis (Missouri), US	1	-

From the Founders' Desk

With over four decades of experience and 750+ brands, we have not only built a strong foothold in the Indian market but have also built a worldwide sales and distribution network across 50 countries.

Mr. Samprada Singh
Chairman Emeritus

Dear Shareholders,

We are happy to present our 44th annual report and give you an insight into the year gone by. Our focus on developing and delivering quality medicines at affordable rates, benefitting millions of people across the world, has led us to become one of the key players in the global pharma industry. With over four decades of experience and 750+ brands, we have not only built a strong foothold in the Indian market but have also built a worldwide sales and distribution network across 50 countries. Our work culture, vision and dedicated workforce have been our key enablers in achieving this milestone.

In recent times, the global pharma industry is going through a challenging phase with regulatory and competitive headwinds impacting the key markets across the world. While GST implementation and NPPA led price controls has resulted in slower growth in the India market, the growth in the US market has been impacted by buyer consolidation leading to significant price erosion. However, we are happy to share that amidst this challenging backdrop, our Company has done relatively well with both our key markets of India and the US delivering healthy growth. This talks a lot about the resilience of our

In 2017-18, we did relatively well in the domestic market despite major reforms like the Goods and Services Tax (GST) being introduced.

To keep pace with the evolving landscape and sustaining our performance, we are judiciously investing in our infrastructure, capabilities, people and processes to build a company which is agile and future ready. We are committed to deliver high quality drugs and adhere to regulatory compliance.

Mr. Basudeo N. Singh
Executive Chairman

brands, our processes, our people and their execution capabilities.

Going forward to keep pace with the evolving landscape and to sustain our growth and profit performance, we are judiciously investing in our infrastructure, capabilities, people and processes to build a company which is agile and future-ready. Our focus on research and development continue to take centre stage with introduction of new products for our key markets. Our efforts continues towards process optimisation and productivity improvement of our field force.

It also gives us an immense pleasure to report that along with growing and expanding Alkem, we have also helped communities prosper by providing them with the right amenities and facilities, with health and education being our focus areas. We are continuously trying to better our services, consequently helping in the transformation of the society.

As we close the letter, we would like to extend our gratitude towards our shareholders, partners and employees for trusting our capabilities and supporting us in our work. We are proud to say that with everyone standing with us, our motivation to perform better than last year gets bigger and better.

Warm Regards,

Mr. Samprada Singh
Chairman Emeritus

Mr. Basudeo N. Singh
Executive Chairman

Managing Director's Message

Delivering Sustainable Growth

Mr. Sandeep Singh
Managing Director

"To deliver a sustainable growth amidst this evolving landscape, one needs to invest ahead of the curve to not only build upon one's existing strengthens, but also to create new levers of growth."

Dear Shareholders,

The global pharmaceutical industry is undergoing a rapid evolution which can be attributed to an array of policy and regulatory changes both in India and globally. While in India, NPPA led price cuts, demonetisation and GST have been the main causes for a reversal of growth rate, pricing pressures from key markets such as the US as well as global regulatory interventions have posed additional challenges. However, vast opportunities await the industry after it has prepared itself for these challenges.

To deliver a sustainable growth amidst this evolving landscape, one needs to invest ahead of the curve to not only build upon one's existing strengthens but also to create new levers of growth. Continuing with our investments which we made in the fiscal year 2017, this financial year also we further added to our manufacturing and R&D capabilities, expanded our product pipeline, strengthened our field force to increase our coverage and optimised various processes to drive higher productivity and efficiency.

The year in retrospect

During the financial year 2018, adjusting for the GST impact our domestic business delivered a healthy double digit growth on the back of new product launches, increased MR strength and progress across the therapy portfolio. We consolidated our presence as one of the leading pharma companies in India in the acute therapy areas of anti-infectives, gastro intestinal, pain and analgesic and vitamins/ minerals/ nutrients through market share gains and building strong brands. At the same time in the chronic therapy areas, which is one of the key focus markets for us, we continued to grow significantly ahead of the market on our relatively small base. We have large room to grow in the chronic segments of neuro/CNS, anti-diabetes, cardiac and derma. In neuro/CNS segment, as per IMS data, we now feature amongst the top 10 companies in India, which is a good achievement by our team.

Our international business revenues also registered a robust growth of 17.1% over the previous year driven by key markets like US, Australia, Chile and Philippines. I am happy to share that our US business crossed an important revenue milestone of US$200 million in the financial year 2018. It is expected to improve further with increase in the number of ANDA filings and ~50% of our ANDA filings yet to be approved and commercialised. We filed 19 ANDAs for the year and received 13 approvals, which includes one tentative approval. As on 31st March, 2018, we have filed a total of 107 ANDAs and one new drug application (NDA) with the US FDA. Of these, we have received approvals for 49 ANDAs (including six tentative approvals) and one NDA. Apart from the US, our other key international markets like Australia, Chile and Philippines also recorded healthy growth, driven by new product introductions and market share gains.

During the financial year, the US FDA conducted inspections at our formulation manufacturing facilities located at Baddi (India), Daman (India) and St. Louis (US). I am pleased to share that we have successfully closed the inspections at our Baddi and Daman facilities, having received an EIR (Establishment Inspection Report) from the regulator. For the St. Louis facility, where we received Form 483 with one observation, we have already submitted a comprehensive corrective and preventive plan to the US FDA within the stipulated timelines and are waiting to hear from them. We are committed to deliver high quality drugs and adhere to regulatory compliance and for that we are continuously investing to upgrade our processes, controls and training our people so that they comply with the current GMP regulations.

Focus areas

The Company lays major focus on efficiency, productivity, cost containment and quality improvement through a variety of initiatives led by its senior management team. Processes and systems are reviewed with rigour, as are departments and businesses. These actions helps us tune the organisation and, over time, consolidate our competitive advantage.

We prepare ahead and judiciously invest in our manufacturing capabilities and capacities. We recognise that the ability to put a larger number of successful products in the marketplace needs to be complemented with corresponding growth in manufacturing capacities. To this end, we are building capabilities that can address potential demand as well as fill gaps in our current manufacturing infrastructure. Our investment in world-class manufacturing facilities ensures sufficient capacities to meet the sales growth. The commercialisation of these capacities in a phased manner will enhance our product mix and plug portfolio gaps while strengthening revenues.

Our commitment to R&D continues

Research and development is at the core of our Company and central to our strategy. Quality, innovation and new product launches remain critical to our future. Through a well-defined R&D strategy, we are strengthening our research and innovation capabilities to deliver significant value in the future. Our investment in R&D reflects our commitment to drive growth through the internal development of new products. The R&D expenditure for 2017-18 stood at ₹ 3,646 million, which was about 5.7% of the operating revenue.

Our customers expect us to deliver quality products at highly competitive prices. To achieve this, emphasis on becoming stronger through productivity enhancement becomes a key driver. We plan to reinforce our competencies in cost efficiency, sales force output, R&D and plant productivity in line with the evolving market and regulatory environment.

People power

The success of our organisation is profoundly linked to our people. To build resources and competencies required for the future, we have focussed on comprehensive talent management and development and are systematically investing in our human capital. We attempt to provide a conducive environment for our employees along with training and career development in order that they are able to learn and apply best-in-class business concepts and practices in their work. It is only through consistent empowerment of 13,000+ Alkemites, we will be able to sustain leadership in our focus areas.

Looking ahead, we will continue to build on our strong foundation and achievements. Our investments in our people, processes, technology and systems will drive a sustainable growth going forward thereby driving shareholder value. I would like to thank you for your continued support and faith in our organisation. It is your belief in our potential that has served as an invaluable source of strength as we move towards achieving many more milestones in the future.

Regards,

Mr. Sandeep Singh
Managing Director

Key Highlights of the Year

Domestic Business

1

- The Company's India Business reported a growth of 7.2% in financial year 2018. However adjusting for the GST impact, the business grew at a healthy double digit rate.
- As per secondary sales data by IMS, the Company outperformed the India Pharma Market across most of the major therapy areas like Anti-infectives, Gastro intestinal, Pain/ Analgesics, Vitamins/ Minerals/ Nutrients, Neuro/CNS, Cardiac, Anti-Diabetes and Derma.
- The Company improved its market rankings in chronic segments like Neuro/CNS, Cardiac and Anti-Diabetes. Alkem now features amongst top 10 companies in India in the Neuro/CNS segment.
- The Company launched indigenously developed new products to strengthen its product portfolio and also entered into strategic alliances to launch novel products in India.

International Business

2

- The Company's International Business revenues grew by 17.1% compared to the previous year.
- The US Business registered 13.6% growth amidst a competitive market environment marked by pricing pressure. Growth in dollar terms was even higher.
- Other International Market Business recorded a robust 28.9% growth driven by markets like Australia, Chile, Philippines and UK.
- Company's US business crossed revenue milestone of US$200 million in financial year 2018.
- The Company filed 19 ANDAs with the US FDA during the year – highest by the Company in a year. The Company has now cumulatively filed more than 100 ANDAs with the US FDA as on 31st March, 2018.
- The Company also received 13 ANDA approvals during the year including one tentative approval.
- During the financial year, the Company successfully closed the US FDA inspections at its Baddi and Daman facilities, thereby re-emphasising its focus on quality and compliance. Both these facilities together accounts for more than 90% of the total ANDA filings by the Company.

Investments for Future Growth

3

- The Company has made capital investments of more than ₹ 13 billion in the last two years towards capacity expansion, upgradation of manufacturing and R&D facilities, strengthening the distribution network and adding new product development capabilities. These investments should help deliver a sustainable growth going ahead.
- The Company has invested about ₹ 3.6 billion (5.7% of its revenues) in 2017-18 towards R&D expenses to develop new products for its key markets.
- The Company now has 21 manufacturing facilities and 5 R&D centres located in India and US to support its growth going forward.
- The Company further strengthened its sales and distribution network which comprises of 11 central warehouses, 40+ sales depots and >7,000 stockists.
- The Company has judiciously added more than 1,000 medical reps in financial year 2018 to expand its reach in the Indian pharma market.

Awards and Recognitions

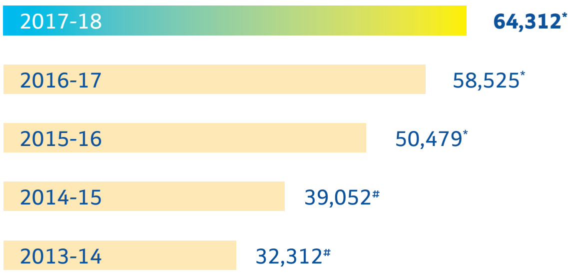
4

- Mr. Samprada Singh was honoured with the prestigious Global Asian of the Year Award 2017 by AsiaOne Magazine and URS Media.
- Mr. Basudeo N. Singh was conferred with the Chief Mentor of the Year Award for the year 2017 by the Indian Drug Manufacturer Association.

Key Financial Highlights

Revenue from Operations

(₹ in mn)

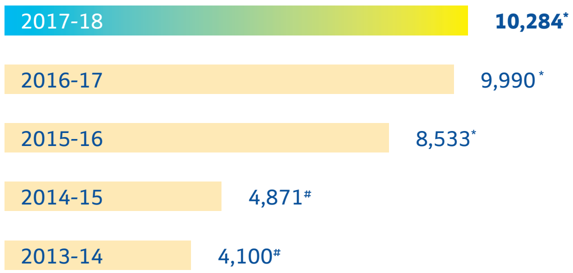


Restated numbers
* Numbers in accordance to IND AS

- In financial year 2018, both India (adjusted for GST impact) and International business reported healthy double digit growth.
- The Company's revenues have more than doubled in the last 4 years highlighting robust growth in the key markets of India and the US.
- The Company has outperformed the India Pharmaceutical Market across most of the key therapy areas driven by market share gains, new product launches, healthy growth in its key brands and increased doctor coverage by strengthening its field force.
- Revenue contribution from the International Business have grown over the past few years and now contribute about 29% of the Company's total revenues.

EBITDA

(₹ in mn)

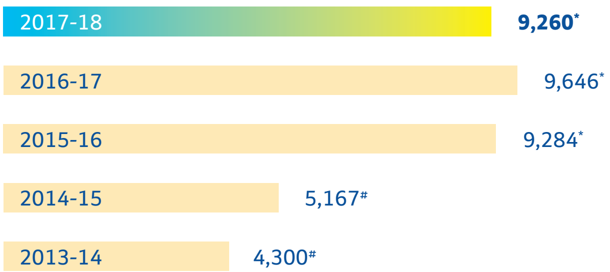


Restated numbers
* Numbers in accordance to IND AS

- During the financial year 2018, the Company's EBITDA margin declined by 110 bps compared to the previous year largely attributed to GST impact and higher other expenses which included ₹ 263 million on account of net loss on fair valuation of current investments, including ₹ 380 million loss on account of fair valuation of investment in real estate fund as per report of independent valuers.
- Over the last 5 years (from 2013-14 to 2017-18), the Company has shown a considerable improvement in its EBITDA margins driven by better gross margins and improved operational efficiencies.
- The Company has undertaken several cost optimisation measures, worked consciously on better product mix and have taken steps to improve its field force productivity.

Profit Before Tax

(₹ in mn)

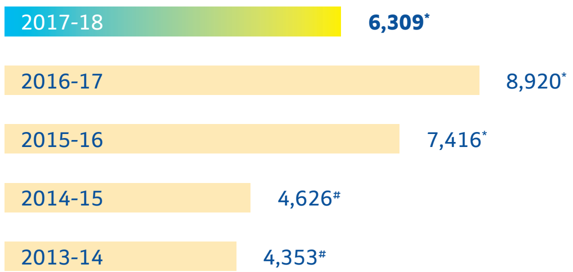


Restated numbers
* Numbers in accordance to IND AS

- Over the last 5 years (from 2013-14 to 2017-18), the Company's PBT margins and PAT margins have improved in-line with improvement in its EBITDA margins.
- However during the financial year 2018, the Company's PBT margin declined compared to the previous year mainly on account of lower EBITDA margin along with higher depreciation and amortisation expenses which was a result of higher capex investments which the Company has made in order to deliver a sustainable growth going forward.

Profit After Tax

(₹ in mn)



Restated numbers
* Numbers in accordance to IND AS

- During the financial year 2018, the Company also reported a significantly higher tax rate compared to the previous year. This was due to some of its manufacturing facilities losing their fiscal benefits and one-off charges related to significant changes in the US corporate income tax system which led to a lower PAT.

Earnings Per Share

(₹)

2017-18	**52.77***
2016-17	74.61*
2015-16	62.02*
2014-15	38.69#
2013-14	36.41#

Restated numbers
* Numbers in accordance to IND AS

Dividend Payout

(%)

2017-18	**24.6***
2016-17	20.1
2015-16	22.6

* Includes final dividend as recommended by the Directors for the approval of the shareholders

Gross Debt

(₹ in mn)

2017-18	**9,976***
2016-17	6,595*
2015-16	6,575*
2014-15	13,059#
2013-14	11,254#

Restated numbers
* Numbers in accordance to IND AS

Net Cash**

(₹ in mn)

2017-18	**1,215***
2016-17	7,172*
2015-16	9,214*
2014-15	4,873#
2013-14	4,641#

Restated numbers
* Numbers in accordance to IND AS
** Net Cash = Cash and cash equivalent + Fixed Deposits + Accurued interest on fixed deposits + Investments – Gross Debt

- The Company has a relatively strong balance sheet with net cash of ₹ 1,215 million.
- Through FY13 to FY16, the Company's net cash levels increased at a healthy rate driven by robust cashflows. However to deliver a sustainable growth going forward, the Company has made significant capex investments over the last two years (2016-17 and 2017-18) towards new manufacturing facilities, upgradation and de-bottlenecking of the existing facilities and R&D centres.

RONW

(%)

2017-18	**13.0***
2016-17	20.0*
2015-16	20.1*
2014-15	15.4#
2013-14	16.9#

Restated numbers
* Numbers in accordance to IND AS

ROCE (Post Tax)

(%)

2017-18	**12.5***
2016-17	21.8*
2015-16	21.5*
2014-15	14.4#
2013-14	17.1#

Restated numbers
* Numbers in accordance to IND AS

- Through 2012-13 to 2016-17, the Company has delivered a considerable improvement in its RONW and ROCE (post tax) driven by a healthy revenue growth accompanied by better gross and EBITDA margins.
- However during the financial year 2018, the Company reported lower RONW and ROCE (post tax) mainly on account of higher reported tax rates and significant capex investments.

Sharpening the People Edge

Employee development and engagement is at the core of the Company's consistent business growth.

People are the Company's partners in progress and employee empowerment has been essential in driving the organisation's growth to the next level. The leadership team has been an important facilitator in this journey, aligning the objectives of employees with those of the organisation and driving them together in a singular direction.

While the Company endeavours to build one of the most trusted and responsive brands globally, it realises that it is important for the Company to build an organisation which is regarded as an employer of choice. Towards this, the Company crafted an HR vision that aims at sustaining the organisation's leadership in the global marketplace by building a global, future-ready and a capable 'Organisation' with a ready pipeline of engaged 'Talent'. Thus, the people function has a twin focus towards creating an agile work place and highly engaged talent workforce. During the year, significant progress was made in the following areas:

Awards

- **Most Enterprising Company for leveraging technology for learning and development by DigiPharamaX**
- **People Matters League Award for Best in Cultural Transformation amongst 300 industry contenders**

Alkem Premier League

Women's Day celebration at Alkem

Attracting Talent

To give the prospective employees a better insight into the organisation, the Company strengthened the employer brand through creation of Alkem Careers Page in its website. Through this, the Company has highlighted the different facets of culture and work environment. The Company revamped the Management Trainee Programme under a new brand 'Aakar' – shaping career dreams. Through 'Aakar', the aim is to offer fresh talent from campus to undergo a modular programme which aims at placing them in high impact roles post completion.

Building Capability

The Company launched ALKEPEDIA – Alkem's Platform for Education Development and Information Access. This is a new age app which will enable the salesforce to enhance their product knowledge and selling skills anytime anywhere. Going forward, an employee can also receive on the job training, coaching from his/her manager and even interact with leaders on real time through this app. During the year, the Company also extended the career mobility and development platform, Alkem Talent and Development Centre (ATDC) to a larger number of business units to ensure that the maximum number of career transitions in sales happen from within.

Management Trainee Programme - Aakar

The Company organised several town halls under the brand name ASMITA – All Staff Meeting for Inspiring Team Alkem, where more than 800 employees participated across R&D and plants.

Enabling Performace

The Company modified and rechristened the existing performance management system as APACT – Alkem's Performance Acceleration & Coaching Tool. This change was done with the objective of creating a culture of continuous feedback, providing coaching and bringing in more transparency in the way the Company manages performance. APACT has also been extended to other countries outside India to ensure a consistent understanding of the process across the organisation.

Fostering Innovation

In 2017, the Company created Who's the Next Edison - a formal forum that aims at fostering and recognising innovation across the organisation. Through this initiative, any employee can contribute an idea or give a recommendation that results in significant cost savings, revenue generation and process transformation. A total of 145 ideas were received from various locations (India and International), screened through a multi-level assessment process and the high impact ones were awarded.

Strengthening Employee Connect

The Company organised several town halls under the brand name ASMITA – All Staff Meeting for Inspiring Team Alkem, where more than 800 employees participated across R&D and plants. Through this intervention the Company is making an endeavour to connect the employees with leaders. The Company also felicitated the commitment and loyalty of tenured employees under the umbrella of Alkem Service Awards. This year, 2,418 employees who served 3 years, 5 years, 10 years and 20 years respectively were covered in the award ceremony.

While the Company strengthen the internal employee connect, it also participated in an external employee engagement survey to benchmark and augment people practices. The strengths highlighted through the survey included strong employer brand, performance management process, career opportunities provided to employees and policies that promote employee health and well-being.

The Company will continue to sustain its efforts to build Alkem as one of the great places to work globally.

Engaging with Communities

The Company's ongoing business success depends on the sustainable progress of the local communities in which it is embedded. Therefore, the focus is on enriching the local economies and creating sustainable value around different locations. The Company's CSR initiatives focus on areas of health, education, environment and rural development, among others.

Health

At Alkem, efforts are made to make good health affordable and accessible to the local communities and the society at large. The Company provides affordable solutions for quality healthcare through improved access to medical services and by creating better awareness. The Company:

- Offers access to quality primary and secondary care services to the underprivileged population
- Conducts need-based health camps
- Provides consultation and medicines, among others
- Ensures better maternal and child healthcare services and improve deliveries through innovative programmes

Alkem offering primary and secondary healthcare services

Education

The Company recognises education as one of the building blocks of any nation and considers it a priority area. The aim is to nurture young minds and educate them, so that they contribute to the nation's development. Realising the importance and relevance of education, several initiatives have been undertaken through merit-cum-means scholarships, besides supporting NGOs to promote quality education. These initiatives seek to benefit the communities the Company is operating in, by helping increase the literacy levels in these areas.

Alkem offering primary education for underprivileged children

Vocational training for women

~2 lakh

People impacted through CSR activities

Strategic Priorities

Consolidating Leading Position in India

- Driving growth across megabrands
- Building presence in chronic therapies
- Foraying into new therapeutic segments
- Launching new products

Enhancing Presence in International Markets

- Expanding international operations across key markets of US, Australia, Chile and Philippines
- Creating strong local presence by investing in products, manufacturing facilities and marketing capabilities

Improving Productivity

- Increasing field force productivity through sales force effectiveness initiatives
- Optimising processes and controls for strengthening execution capabilities

Investing in Research and Development

- Developing differentiated portfolio for focussed markets
- Accelerating ANDA filings for the US market

Strategic Collaborations

- Building strategic partnerships/ marketing alliances/ collaborations to enhance capabilities
- Working on in-licensing opportunities for launching novel molecules/ products in key markets

Awards and Recognitions

Mr. Samprada Singh was honoured with the prestigious Global Asian of the year Award 2017 at the Singapore Business and Social Forum 2018 held at Singapore by AsianOne Magazine and URS Media.

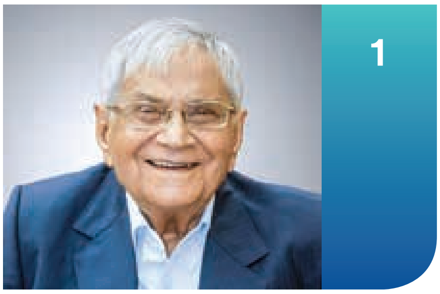
Mr. Basudeo N. Singh was conferred with the Chief Mentor of the Year Award for the year 2017 by Indian Drug Manufacturer Association during their 56th Annual Day Celebration. The award was presented by Shri Ashwini Kumar Choubey – Union Minister for Health and Family Welfare.

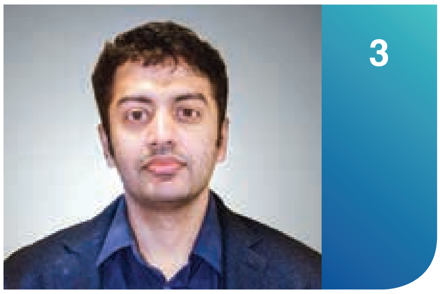
- Best Stand-Out IR Award 2017 by IR Society India in association with KPMG and Bloomberg.
- People Matters League Awards – Learning & Development 2017 - Best in Cultural Transformation.
- Rising Digital Star of the Year Award for various digital initiatives at DigiPharmaX Awards 2017.
- Most Enterprising Company for leveraging technology for Learning and Development at DigiPharmaX Award 2017.
- The Guinness World Records for creating largest Bindi Mosiac at RSSDI Bhubaneswar.
- Runners up for the Best Corporate Film for driving employee engagement initiatives at the Mega Corporate Film Festival and Awards 2017.

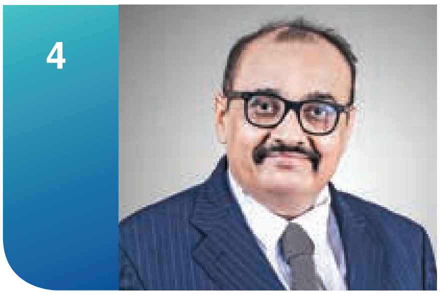
Best Stand-Out IR Award 2017

DigiPharmaX Award 2017

Board Profile







1. Mr. Samprada Singh
Chairman Emeritus

Mr. Samprada Singh is one of the co-founders of the Company and an industry veteran with over 43 years of experience in Indian pharmaceutical industry. He has received various prestigious awards such as the 'Life Time Achievement Award' by Pharma Business and Technology in 2000, the 'Lifetime Achievement Award' at the Pharmaceutical Leadership Summit 2009, 'Asian Grid Leadership Lifetime Achievement Award 2006', the 'Life Time Contribution Award' by the Express Pharma Excellence Awards in 2004 and 'Lifetime Achievement Award' at the 2nd Annual AWACS Awards in Marketing Excellence, 2015. He was also bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016. Recently he was awarded with the Bihar Pride Achiever 2017 Award at Rising Bihar 2017 summit and the Global Asian of the Year 2017 by Indian Singapore Business & Social Forum 2018.

2. Mr. Basudeo N. Singh
Executive Chairman

Mr. Basudeo N. Singh has almost four decades of experience in the Indian pharma sector and is also the co-founder of the Company. He was the President of the Indian Drug Manufacturer's Association for the period 2007-09. He has received Business Leader of the Year 2014 award at the 7th Annual Pharmaceutical Leadership Summit and Pharma Leaders Business Leadership Awards 2014. He was bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016. Recently he was also awarded with the Chief Mentor of the Year award by Indian Drug Manufacturer's Association.

3. Mr. Sandeep Singh
Managing Director

Mr. Sandeep Singh joined the Board in 2013 and at present is the Managing Director of the Company. He has an experience of over 10 years in the pharmaceutical industry. Mr. Sandeep Singh is responsible for both domestic as well as international operations of the Company. He was honoured with the Emerging Pharma Leader of 2016 award by Pharma Leaders in association with the Ministry of Health & Family Affairs, Government of India.

4. Mr. Dhananjay Kumar Singh
Joint Managing Director

Mr. Dhananjay Kumar Singh joined the Board in the year 1988 and at present is the Joint Managing Director of the Company. He has over 30 years of experience in the Indian pharmaceutical industry. Mr. Dhananjay Kumar Singh heads the Bergen, Arise, Forgen and Pharma divisions of the Company's domestic business. He also heads the Distribution & Logistics, Purchases, Commercials, Human Resource, Legal, Secretarial & Compliance departments of the Company.

5. Mr. Balmiki Prasad Singh
Executive Director

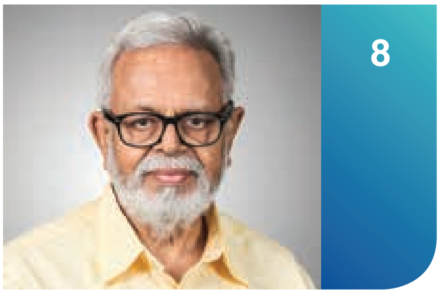
Mr. Balmiki Prasad Singh joined the Board in 1988. Prior to being appointed as a member of the Board, he was employed with the Company in various other capacities. He has over 30 years of experience in the Indian pharmaceutical industry. He heads the Generics and OTC business of the Company.

6. Mr. Mritunjay Kumar Singh
Executive Director

Mr. Mritunjay Kumar Singh joined the Board in 1988 and he has been associated with the management of the Company for a period over 24 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh heads Alpha, Ace, Cytomed and Hospicare divisions of the Company's domestic business. Additionally he looks after the Formulations Facility, Marketing and Sales, Business Development & Strategy and Production Planning for the domestic business of the Company.

7. Mr. Arun Kumar Purwar
Independent Director

Mr. Arun Kumar Purwar joined the Board in 2015. Mr. Purwar in the past has served as the Chairman of State Bank of India from November 2002 to May 2006. Mr. Purwar was the Chairman of Indian Bank Association during 2005-06. He has received various prestigious awards such as the 'CEO of the Year' Award from the



Institute of Technology and Management in 2004, 'Outstanding Achiever of the year' award from the Indian Banks' Association in 2004 and 'Finance Man of the Year' award by the Bombay Management Association in 2006. He is a Director in various leading companies in Power, Telecom, Steel, Tyres and Financial services sector.

8. Mr. Akhouri Maheshwar Prasad

Independent Director

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

9. Mr. Ranjal Laxmana Shenoy

Independent Director

Mr. Ranjal Laxmana Shenoy joined the Board in 2015. Mr. Shenoy has over 40 years of working experience with companies in different industrial segments, including the position of Whole Time Director – Finance and Legal and Company Secretary, in Merck Limited, India, (formerly known as E. Merck (India) Limited). He is a qualified Chartered Accountant, Cost Accountant and Company Secretary. Mr. Shenoy also holds a Bachelor's degree in Law from University of Mysore and a Masters' degree in Law from Mumbai University. He is also an Associate Member of the Indian Institute of Bankers (C.A.IIB).

10. Ms. Sangeeta K. Singh

Independent Director

Ms. Sangeeta Singh joined the Board in 2015. She is an Independent Director on several renowned company Boards and has over 35 years of experience in Human Resources, Communications and Operations. She was Partner & Head of Human Resources for KPMG India. She has a Masters degree in Behavioural Psychology and a certification in Strategic Human Resource Management from Harvard Business School.

11. Ms. Sudha Ravi

Independent Director

Ms. Sudha Ravi joined the Board in 2015. She is presently working with Piramal Capital & Housing Finance Ltd., the merged entity of Piramal Finance Ltd. with Piramal Housing Finance Ltd. Since October 2014, she is additionally in-charge of India Venture Advisors Pvt. Ltd. – a healthcare and life sciences focused private equity fund sponsored by the Piramal Group. Prior to joining Piramal Group in 2011, Ms. Ravi was with State Bank of India (SBI) for over 30 years, having joined SBI as a direct recruit Probationary Officer in 1978. In her extensive service in SBI, she has held various important portfolios and has had the opportunity of working in metro, urban and rural areas across the length and breadth of the country. She has worked in varied functional areas at SBI including International, Corporate, Retail and Rural banking which has given her a wide-ranging perspective on the financial sector and business strategy. She has held key positions like General Manager, Enterprise Risk Management facilitating alignment of risk with strategy at the Bank-wide level and as Chief Representative, Washington DC, US. She has received recognition(s)/plaques presented by the Indian Associations in US for outstanding contribution in the sphere of banking for the community in Washington DC. Ms. Ravi has keen interest in Special Education with focus on education for autistic children.

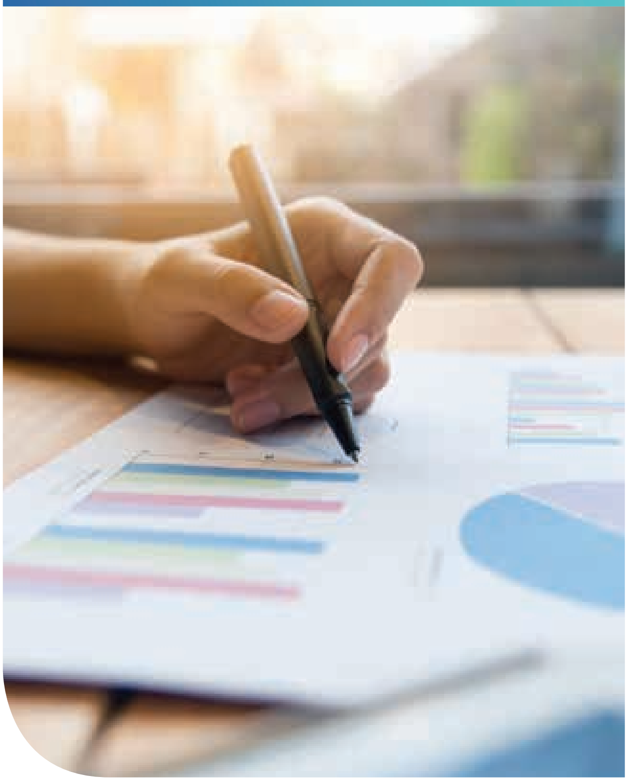
12. Dr. Dheeraj Sharma

Independent Director

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

Management Discussion and Analysis

Economic Overview



Global Economy

Year 2017 ended on a high note, with GDP continuing to accelerate in large parts of the world. World GDP picked up from 3.2% in year 2016 to 3.7% in the year 2017 and is expected to further accelerate to 3.9% in 2018 and 2019. US GDP grew by 2.3% in 2017 compared to 1.5% in 2016 driven by increase in consumer spending, exports, business and housing investments, and government expenditures. The Eurozone also expanded by 2.4%, one of its strongest performance since the Global Financial Crisis in 2007. China continued to report moderately strong growth despite some slowdown in economic activity. The growth in World GDP in 2018 and 2019 is expected to be supported by strong momentum, favourable market sentiment, accommodative financial conditions and expansionary fiscal policy in the US.

Global Growth (%)

Particulars	2016	2017	Projections	
			2018	2019
World Output	3.2	3.7	3.9	3.9
Advanced Economies	1.7	2.3	2.3	2.2
US	1.5	2.3	2.7	2.5
Eurozone	1.8	2.4	2.2	2.0
Japan	0.9	1.8	1.2	0.9
UK	1.9	1.7	1.5	1.5
Other Advanced Economies *	2.3	2.7	2.6	2.6
Emerging Market and Developing Economies	4.4	4.7	4.9	5.0
China	6.7	6.8	6.6	6.4

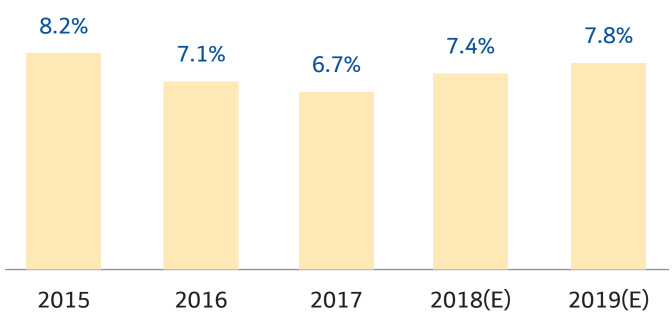
*Excludes the G7 (Canada, France, Germany, Italy, Japan, UK, US) and eurozone countries
Source: International Monetary Fund (IMF)

Going ahead, enhancement in private consumption, increase in capacity utilisation and private capex cycle revival will drive higher growth in India.

Indian Economy

Despite the slowdown observed in early 2017 and the residual effects from demonetisation, India continued to be one of the fastest growing major economies of the world, driven by robust private consumption and public investment as well as the ongoing structural reforms. Demonetisation and GST created short-term disruptions in economic activity, however the outlook for India remains largely positive. Enhancement in private consumption, increase in capacity utilisation and private capex cycle revival is expected to drive higher growth going forward.

Annual Indian GDP Growth Rate



Source: International Monetary Fund (IMF)

Pharmaceutical Industry Overview

Global Pharmaceutical Industry

The global pharmaceutical industry is one of the largest industries in the world consisting of branded formulations, generic formulations, active pharmaceutical ingredients (API) and non-prescription or over-the-counter medication. According to IQVIA Report, global medicine spending, which was reported to be US$1.1 trillion in 2017, is expected to grow at 3-6% per year to cross US$1.4 trillion in 2022. Some of the key drivers of growth include:

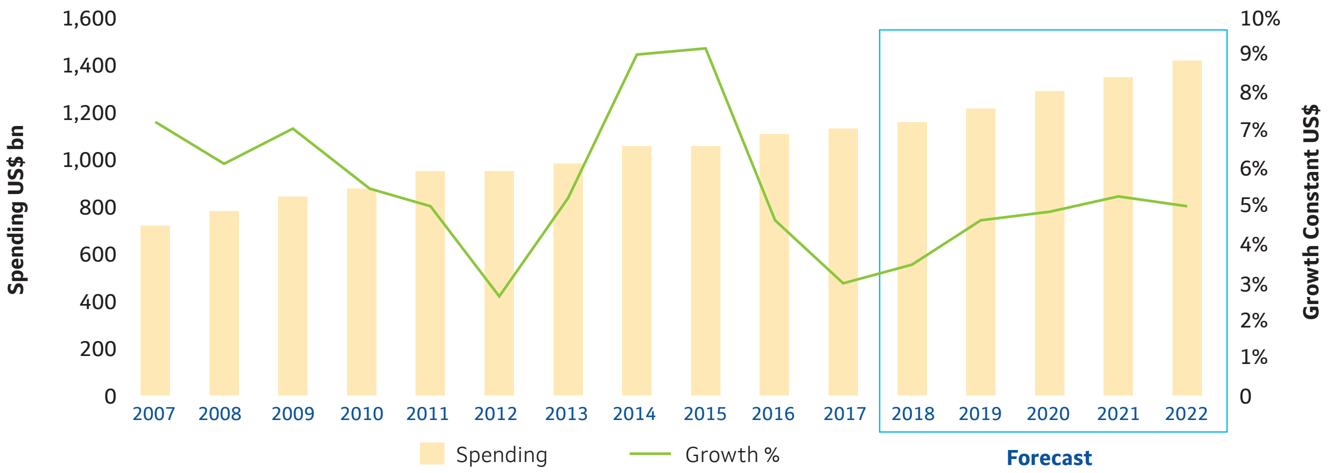
Aging population: World population is growing and is expected to cross 9 billion by 2050. Further, the composition of the population, in terms of age group, is also undergoing change. For example, in 1950 population in the age group of 60+ accounted for just 8% which increased to more than 10% of the total population in 2000. This proportion is further expected to increase with rapidly growing ageing population coupled with enhanced life expectancy. A higher proportion of aged population usually means increased cases of age-related diseases and hence increased need of medicines.

Rising middle-class population: The global middle-class population has nearly doubled over the decade. Increasing number of middle-class population in both emerging and developed markets means more disposable income and expectation of better healthcare solutions.

Newer medicines: The share of global spending on new medicines is expected to rise to 35% by 2021. It is also forecasted that 45 New Active Substances would be launched on an average per year through 2021. These launch of new medicines to address unmet needs in areas of cancer, diabetes, autoimmune diseases and nervous system would also be one of the significant growth drivers for the global pharmaceutical industry.

Changing lifestyles: In the today's contemporary world, daily work schedules are getting hectic and stressful which is leading to unhealthy eating habits, lack of daily exercise, less sleep, and other problematic lifestyle choices. This has resulted in high obesity rates, increased incidences of heart-related diseases, depression and other physical problems.

Global Medicine Spending and Growth 2007-2022



Source: IQVIA Market Prognosis, Sept. 2017; IQVIA Institute, Oct 2017

Increasing number of middle-class population in both emerging and developed markets means more disposable income and expectation of better healthcare solutions.

Global Spending and Growth in Selected Countries

	2017 Spending US$ bn	2013-2017 CAGR Constant US$	2022 Spending US$ bn	2018-2022 CAGR Constant US$
Global	**1,135.1**	**6.20%**	**1,415-1,445**	**3-6%**
Developed	**753.2**	**5.80%**	**915-945**	**2-5%**
US	466.6	7.30%	585-615	4-7%
EU5	154.4	4.40%	170-200	1-4%
Germany	45.1	4.90%	51-61	2-5%
France	33.1	1.30%	36-40	0-3%
Italy	29.0	5.50%	34-38	2-5%
UK	25.7	6.90%	29-33	2-5%
Spain	21.5	4.60%	24-28	1-4%
Japan	84.8	2.00%	85-89	(-3)-0%
Canada	20.7	3.90%	23-27	1-4%
South Korea	13.7	4.50%	15-19	3-6%
Australia	13.1	4.70%	12- 16	1-4%
Pharmerging	**269.6**	**9.70%**	**345-375**	**6-9%**
China	122.6	9.50%	145-175	5-8%
Tier 2	67.3	11.20%	89-93	7-10%
Brazil	33.1	11.50%	38-42	5-8%
India	19.3	11.00%	26-30	9-12%
Russia	14.9	10.80%	20-24	7-10%
Tier 3	79.7	8.90%	95-125	6-9%
Rest of World	**112.3**	**2.00%**	**125-155**	**2-5%**

Source: IQVIA Market Prognosis, Oct 2017
Notes: CAGR – Compound Annual Growth Rate

Leading Therapy Areas Spending and Growth in Select Developed and Pharmerging markets

THERAPY AREAS	2017 Constant US$ Spending	2012-17 CAGR Constant US$	2022 Constant US$ Spending	2017-2022 Constant US$ CAGR
Oncology	81.1	11.80%	115-130	7-10%
Diabetes	72.2	16.90%	105-115	8-11%
Pain	76.1	5.70%	80-95	2-5%
Autoimmune	47.5	16.80%	65-75	7-10%
Respiratory	38.5	4.80%	40-50	2-5%
Antibiotics & Vaccines	38.3	3.20%	40-48	1-4%
Cardiovascular	40.6	-1.80%	36-44	(-2)-1%
HIV	26.7	11.50%	32-40	5-8%
Mental Health	36.1	-2.60%	32-38	(-2)-1%
Antivirals	23.8	25.00%	16-20	(-7)-(-4%)
All Others	368.3	5.10%	445-460	3-6%

Source: IQVIA Therapy Prognosis, Sep 2017; IQVIA Institute, Oct 2017
Notes: Includes 8 Developed and 6 Pharmerging countries: US, France, Germany, Italy, Spain, UK, Japan, Canada, China, Brazil, Russia, India, Turkey, Mexico; CAGR – Compound Annual Growth Rate

Global Medicine Spending Region-wise

Developed Markets

The Developed markets comprising of US, Japan, EU5 (Germany, UK, Italy, France and Spain), Canada, South Korea and Australia consititute about two-third of the global pharmaceutical market. Each of these ten markets represent a diverse range of health systems from the way they are funded, controlled and their expectation of spending and growth. Over the last 4 years through 2013 to 2017, the developed markets have grown at about 6% CAGR and are expected to growth at 2-5% CAGR thorugh 2018 to 2022. The growth would largely be driven by newer medicines/ original brands.

Global Medicine Spending Share and Growth by Region and Product Type

SPENDING 2022 US$	Original Brands	Non-Original Brands	Unbranded	Other Products	Total US$ bn
Global	**44%**	**28%**	**13%**	**15%**	**1,415-1,445**
Developed	64%	14%	14%	8%	915-945
Pharmerging	25%	40%	14%	22%	345-375
Rest of World	51%	27%	8%	14%	125-155

2018-2022 CAGR CONSTANT US$	Original Brands	Non-Original Brands	Unbranded	Other Products	Total Growth
Global	**1-4%**	**4-7%**	**5-8%**	**4-7%**	**3-6%**
Developed	(-1)-2%	2-5%	2-5%	0-3%	0-3%
Pharmerging	6-9%	5-8%	8-11%	5-8%	6-9%
Rest of World	1-4%	4-7%	2-5%	3-6%	2-5%

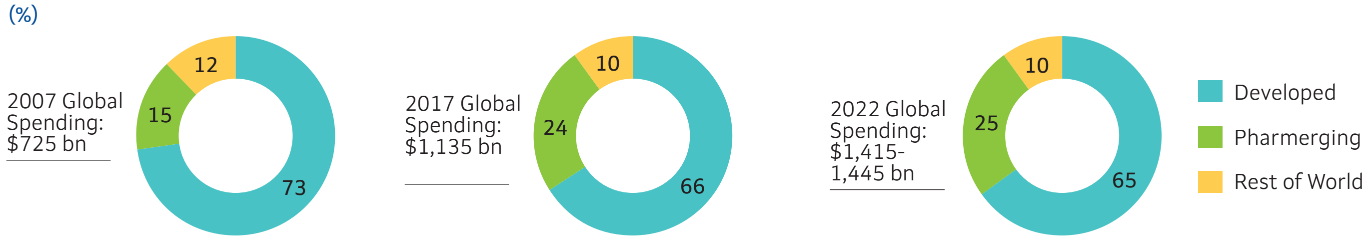
Source: IQVIA Market Prognosis, Oct 2017
Notes: CAGR – Compound Annual Growth Rate

US

The US pharmaceutical market is the world's largest pharmaceutical market with medicine spendings in excess of US$450 billion in 2017. Over the last 4 years (2013-2017), the US market has growth at CAGR of 7.3% – fastest amongst the developed markets. The market can be broadly classified into two segments: Branded and Generic. The Branded market has been driven by rising spends on newer medicines/ speciality medicines. The share of speciality medicines (driven by innovation) has risen rapidly and is approaching half of the total medicine spends in the US. At the same time, the growth in the generic market has been driven by patent expiries. Over the next 5 years (2018-2022), branded drugs with sales of more than US$100 billion would be loosing exclusivity, thereby presenting significant opportunity to the generic players in the US market. Biosimilar is also expected to be one of the important growth drivers in the US market with biologic drugs with sales of about US$ 30 billion expected to loose exclusivity over the next five years.

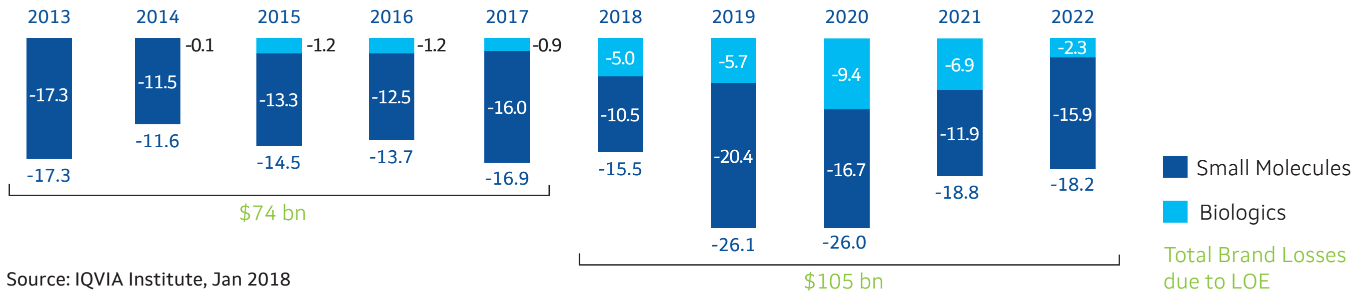
Global Medicine Spending by Region 2007, 2017 and 2022

(%)



Source: IQVIA Market Prognosis, Sept 2017; IQVIA Institute, Oct 2017

US Impact of Brand Losses of Exclusivity 2013-2022, US$ bn



Source: IQVIA Institute, Jan 2018

EU5

EU5 market comprising of top 5 European markets – Germany, UK, Italy, France and Spain, constitute about 14% of the total global pharmaceutical market and is expected to grow at CAGR of 1-4% through 2018 to 2022 to reach UD$ 170-200 billion by 2022. Amongst the EU5, Germany is the largest market with US$45 billion in medicine spendings and expected to grow at CAGR of 2-5% through 2018 to 2022. UK and Italy together constituting more than US$50 billion in medicine spendings are also expected to growth at 2-5% CAGR through 2018 to 2022. France (at CAGR of 0-3%) and Spain (at CAGR of 1-4%) are expected to be the slow growing markets over the next five years.

Pharmerging Markets

According to the IQVIA report, the pharmerging markets constitute about one forth of the world medicine spendings and are expected to grow at CAGR of 6-9% through 2018-2022 – significantly faster than developed market growth of 2-5%. Growth in the pharmerging markets would be largely volume led growth fuelled by generic/off-patented drugs. Sustained economic growth, higher disposable income, improved access to quality healthcare and expanding insurance penetration would be some of the key factors of growth. Amongst the Pharmerging markets, India is expected to be the fastest growing market with expected growth rate of 9-12% through 2018 to 2022. China which is the largest amongst the Pharmerging markets is expected to grow at 5-8% CAGR through 2018 to 2022 – slower than 9.4% CAGR through 2013-2017.

Indian Pharmaceutical Industry

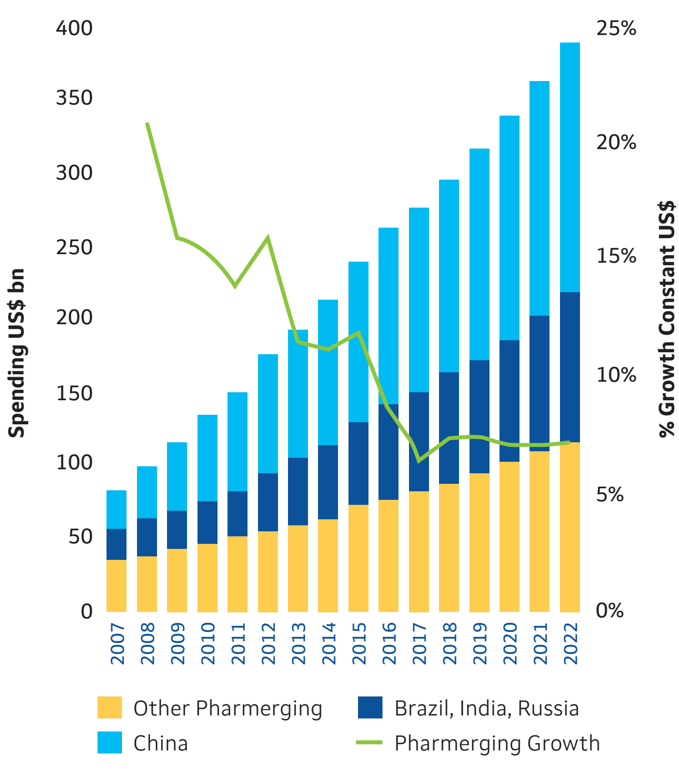
Domestic Consumption

As per IQVIA report, India Pharma Industry is about US$19 billion in 2017 and is expected to growth at a CAGR of 9-12% through 2018-2022 to reach US$26-30 billion by 2022. Amongst the BRICS nations, India is expected to grow the fastest driven by factors such as rising income, enhanced medical infrastructure, rise in prevalence of chronic illnesses (cancer, diabetes, respiratory and cardiovascular disease, among others), and greater penetration of health insurance coverage. Some of the other trends that lend support to the India Pharma Market includes: a step-up in new launches in the market by innovator firms, partnerships between innovators and Indian firms becoming common, and rising health consumerism with the increased role of technology. The growing middle-class, which is also willing to spend on high-quality healthcare, holds the key to creating a huge market potential. This along with fast-changing lifestyles and resulting ailments have created a huge market for lifestyle drugs in the country.

Over the last couple of years, the growth in the India Pharma Market has slowed down owing to GST roll out, impact of demonetisation and regulatory changes like draft pharma policy, ban on a list of Fixed Dosage Combination (FDC) drugs and price controls. However given the underlying need for quality healthcare and combination of factors discussed above, market growth is expected to pick up.

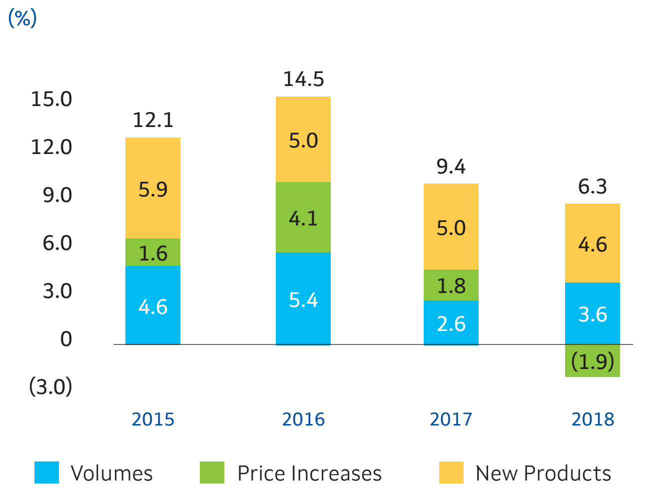
During the Union Budget 2018-19, the Government announced two major initiatives in the healthcare sector. These initiatives are aimed at addressing health holistically, in primary, secondary and tertiary care systems, covering both prevention and health promotion.

Pharmerging Spending and Growth



Source: IQVIA Market Prognosis, Sep 2017

Domestic Formulations – Annual Growth Trend



Source: IMS data base

Health and Wellness Centre: The National Health Policy envisions Health and Wellness Centres as the foundation of India's healthcare system. Under this initiative, about 1.5 lakh centers will be created to bring the healthcare system closer to the poor. For this purpose, the Budget has allocated ₹ 12 billion and the centers will provide remediation for non-communicable diseases and maternal and child health services.

National Health Protection Scheme (NHPS): This scheme will benefit 100 million poor families (~500 million beneficiaries) who will have an annual mediclaim benefit of ₹ 500,000 per family for secondary/tertiary hospital care.

- NHPS will help in reducing out of pocket (OOP) expenditure for secondary and tertiary healthcare services for poor and vulnerable sections of the society.
- It will boost healthcare sector including hospitals, pharmaceutical and medical devices with expected increase in patient inflow due to increase in coverage and access to healthcare services.

In addition, the thrust on rural healthcare programmes, lifesaving drugs and preventive vaccines also augurs well for pharmaceutical companies.

Exports

Pharmaceutical exports from India, a key component of the country's foreign trade basket, is estimated to have grown to US$17.25 billion in the financial year ended 31st March, 2018 or almost 2.5% higher than the previous fiscal. The growth assumes significance in the context of challenges under which it was achieved, from increased competition in the mainstay generics space, particularly in the US, to pricing pressure, as well as heightened regulatory scrutiny.

According to CRISIL, revenue from exports markets for Indian players is expected to grow at a faster rate of 10% CAGR as large players look to develop capabilities in specialty and biosimilar segment through inorganic route. The export growth in semi-regulated markets will also improve as players look at new markets, outside of the US.

Top Three Regions (In terms of absolute value)

Region	2018*	Change %
North America	4,831.50	-8.04
Africa	3,016.09	4.99
EU	2,464.08	7.65

Top Three Regions (In terms of change %)

Region	2018*	Change %
CIS	659.41	16.79
Other European Countries	136.94	16.59
Other America	45.46	12.6

*Data shows exports from April-February in $ million and the change in value in 2018 compared with year-earlier period
Source: Pharmexcil

Strengths of Indian Pharmaceutical Industry

- The Indian pharmaceutical industry accounts for the second largest number of Abbreviated New Drug Applications (ANDAs)
- In the global market, India is recognised as an economical but high-quality producer of pharmaceuticals products. India accounts for 20% of global exports in generics
- India possesses innovative and scientific manpower and skilled workforce with high technical competence and managerial skills, which helps in the effective functioning of the industry
- More economical production than in the western world and R&D capabilities are also the major strengths of the industry. Indian manufacturers produce drugs at approximately half the cost compared to global manufacturers
- Availability of raw materials, good quality products and increasing balance of trade are also the strengths of the Indian pharmaceuticals industry

Overview – Alkem Laboratories

Alkem Laboratories Ltd. is a leading Indian pharmaceutical company with global operations, engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. The Company is one of the leading companies in India in acute therapy areas like Anti-infective, Gastro-intestinal, Pain Management and Vitamins, Minerals and Nutrition. It has also been steadily building its presence in the chronic therapy areas like Neuro/CNS, Cardiac, Anti-diabetic and Dermatology. Apart from India, the Company sells drugs in about 50 countries including the US. It has 21 manufacturing facilities of which 19 are in India and two in the US. The Company also has 5 R&D centres located in India and the US with about 500 scientists.

Competitive Advantages

- Market leadership in several therapies in India Pharma Market – Rank #1 in Anti-infective and amongst top 5 players in Gastro-intestinal, Pain Management and Vitamins, Minerals and Nutrition. Also amongst the top 10 players in India in Neuro/CNS segment.
- Market leading brands in India – 5 brands in top 50 pharmaceutical brands in India.
- Extensive sales, marketing and distribution network in India.
- Growing International business – Presence in 50 international markets including the US.
- State-of-the-art manufacturing facilities and R&D centres with highly capable personnel.
- More than 1,500 product filings in the international markets.

Financial Highlights of the Year

During the financial year 2018, the Company achieved total revenues from operations of ₹ 64,312 million compared to ₹ 58,525 million in the previous year, registering a growth of 9.9%. While the domestic business reported a growth of 7.2% over the previous year, the international business grew by 17.1%. EBITDA for the year grew by 2.9% y-o-y to ₹ 10,284 million compared to ₹ 9,990 million in the financial year 2017. The lower growth was partly on account of increase in other expenses which included ₹ 263 million on account of net loss on fair valuation of current investments, including ₹ 380 million on account of fair valuation of investment in real estate fund as per report of independent valuers.

Depreciation and amortisation expenses for the financial year 2018 also increased considerably compared to the previous year due to significant capital investments in new facilities and capabilities. As a result, profit before tax was ₹ 9,260 million, lower by 4.0% over the previous year.

During the financial year, the tax rate increased from 6.2% in the previous year to 31.1%, largely due to some of the manufacturing facilities losing their fiscal benefits and also one-off charges related to significant changes in the US corporate income tax system. Thus, net profit after tax (post minority interest) for the financial year 2018 declined by 29.3% over the previous year to ₹ 6,309 million.

Business Segments Review

Business Segment	Revenues in 2017-18 (₹ in mn)	Contribution to total revenues	Y-o-Y growth in 2017-18
Domestic Business	45,972	71.5%	7.2%
US Business	13,667	21.2%	13.6%
Other International Market Business	4,673	7.3%	28.9%
Total	**64,312**	**100%**	**9.9%**

Domestic Business

Key Financial Highlights

₹ 45,972mn
Revenue from Domestic Business

71.5%
Revenue Contribution

7.2%
y-o-y growth in the Domestic Business

No.6
Rank in the Indian Pharma Market

5
No. of brands in IPM Top 50 Brands

During the financial year 2018, the Company's domestic business registered revenue of ₹45,972 million compared to ₹42,866 million in the previous financial year, recording a growth of 7.2%. The underlying growth was higher adjusting for the GST related accounting effect. Growth during the year was partly impacted by GST roll out which led to destocking by the trade channel, resulting in lower sales during the first quarter. As per AIOCD AWCS, inventory days for India Pharma Market (IPM) fell from around 41 days in the month of May 2017 to 17 days in June 2017. Inventory levels in the trade channel however recovered to a large extent during the succeeding quarters.

In terms of secondary sales performance reported by IMS (TSA MAT March 2018), the Company outperformed IPM with growth of 7.2% compared to IPM growth of 6.3%. In all the major therapy areas, the Company grew ahead of the market. The Company consolidated its presence as a leading pharma company in its established therapy areas of anti-infectives, gastro intestinal, pain & analgesic and vitamins/ minerals/ nutrients through market share gains and building strong brands in the market. The Company continues to rank as the number one anti-infectives Company in India for over 14 years and also features amongst the top 5 pharma companies in the therapy areas of gastro intestinal, pain & analgesic and VMS.

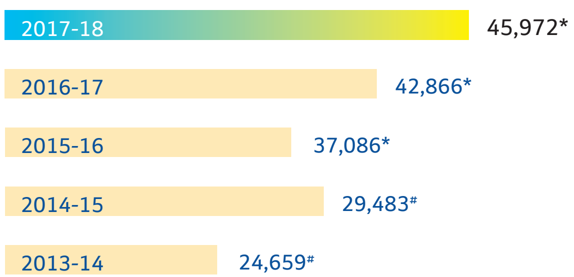
In the fast-growing chronic segments, the Company delivered strong performance with growth rate one-and-half to two times higher than that of the market. As per IMS data, the Company now features amongst the top 10 Neuro/CNS companies in India and ranks amongst the leading companies in the Alzheimer's segment. Based on the strong outperformance, the Company not only gained market share, but also saw its rankings improved in the areas of dermatology, cardiology and anti-diabetes. This has been achieved through healthy growth in the Company's key brands, consistent new product launches, well-planned marketing and product promotion initiatives, strong supply chain and distribution network, and better field force productivity.

In the OTC segment, the Company launched marketing and brand building initiatives to promote its key brands. The Company came out with television commercials, print and digital campaigns and carried out trade promotions to build its OTC business.

During the year, the Company also strengthened its field force as it entered new therapy segments, enhanced focus on key brands and covered new markets. The Company introduced more than 100 new products, including line extensions and new stock keeping units, over the last 24 months to plug portfolio gaps and strengthen the product portfolio. The Company also worked on various in-licensing opportunities and strategic alliances to introduce new molecules/products in India to address unmet medical needs.

Domestic Revenues for the Last Five Years

(₹ in mn)



* Numbers in accordance to IND AS
# Restated numbers

Alkem's ₹ 100 crore+ Brands

Alkem's Performance in Key Therapeutic Segments

Therapy Area	Company's Rank	Change in Rank*	Therapy Sales Contribution	Market Share	Company's Growth	Industry Growth
Anti-infectives	1	0	40%	11.2%	2.7%	1.5%
Gastro Intestinal	3	0	18%	5.9%	6.7%	5.3%
Pain/Analgesics	3	0	12%	5.5%	10.6%	3.5%
Vitamins/ Minerals/ Nutrients	4	1	8%	3.7%	11.5%	6.0%
Neuro/CNS	9	1	4%	2.4%	12.1%	3.8%
Derma	18	-1	4%	1.6%	19.4%	13.8%
Anti-Diabetic	25	2	2%	0.9%	20.3%	11.8%
Cardiac	28	0	2%	0.7%	17.6%	6.0%
Alkem	**6**	**0**	**100.0%**	**3.5%**	**7.2%**	**6.3%**

* Positive change in rank reflects improvement.
Source: IMS TSA MAT March 2018

Alkem's Depot in Hyderabad (India)

Distribution and Supply Chain Network

11
No. of Central Warehouses

>7,000
No. of Stockists

40+
No. of Sales Depots

>8,000
No. of Medical Representatives

Performance of Company's Top 10 Brands

Sr. No.	Brand	Molecule Category	Therapy Area*	Brand Sales (₹ in mn)	Rank in Molecule Category	Market Share (%)
1	Clavam	Amoxicillin + Clavulanic Acid	AI	2,999	2	14.8
2	Pan	Pantoprazole	GI	2,426	1	28.6
3	Pan-D	Domperidone + Pantoprazole	GI	2,247	1	27.7
4	Taxim-O	Cefixime	AI	1,833	2	20.5
5	Taxim	Cefotaxime	AI	1,402	1	76.7
6	A TO Z NS	Multivitamins	VMS	1,189	4	6.7
7	Xone	Ceftriaxone	AI	1,128	2	13.2
8	Gemcal	Calcitriol combinations	Pain	1,097	1	30.8
9	Sumo	Nimesulide + Paracetamol	Pain	870	2	10.5
10	Ondem	Ondansetron	GI	827	1	27.2

Source: IMS TSA MAT March 2018
*Note: AI – Anti-infectives, GI – Gastro Intestinal, VMS – Vitamins/ Minerals/ Nutrients

Outlook for Domestic Business

Despite the evolving regulatory and competitive landscape, the Indian pharma market is still expected to be one of the most attractive pharma markets in the world owing to several drivers like demographic factors, better accessibility and affordability, increasing penetration of medical insurance and rising incidences of lifestyle diseases. The Company expects to capitalise on its strengths of strong brand building capabilities, vast sales and distribution network, a comprehensive product portfolio and strong track record of over 40 years to deliver healthy growth. The Company would look to build upon its growing presence in the chronic therapy segments of neuro/CNS, dermatology, cardiology and anti-diabetes, while at the same time maintain its leading position in acute therapy segments of anti-infectives, gastro intestinal, pain & analgesic and VMS. The Company will look to invest in new product offerings, enter new therapy segments and new markets to drive growth going forward.

Dermacon, India

Marketing & Brand Building Capabilities

14
No. of Brands in IPM Top 300 Brands

8
Brands with ₹ 100 crore+ annual sales (IMS MAT March 2018)

8.8%
of IPM prescriptions with Alkem brands (IMS Esprit Audit MAT March 2018)

72%
of Doctors prescribing Alkem brands (IMS Esprit Audit MAT March 2018)

Dermatology Conference

Criticare Conference, Varanasi

US Business

Key Financial Highlights

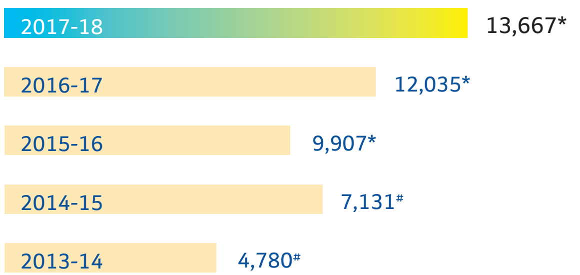
₹13,667 mn Revenue from US Business	21.2% Revenue Contribution	13.6% y-o-y growth in the US Business
108 Cumulative ANDAs filed as on 31st March, 2018	50 Cumulative ANDAs approved as on 31st March, 2018 (including tentative approvals)	6 Manufacturing facilities for the US Market

The US pharmaceutical market is the second largest market for the Company, contributing around 21.2% to its total revenue. During the financial year 2018, the US business registered revenue of ₹13,667 million compared to ₹12,035 million in the previous financial year, recording growth of 13.6%. In US dollar terms, revenues from the US market crossed $200 million during the financial year.

During the year, the Company filed 19 ANDAs with the US FDA and received 13 approvals (including one tentative approval). This is the highest number of filings and approvals received by the Company in a financial year. With this, the Company has cumulatively filed 108 ANDAs including one new drug application (NDA) with the US FDA, of which 47 are Para IV filings including first-to-files (FTFs). Of these, it has received approvals for 49 ANDAs (including six tentative approvals) and one NDA.

US Revenues for the Last Five Years

(₹ in mn)



* Numbers in accordance to IND AS
# Restated numbers

Alkem's Cumulative ANDA Filings and Approvals

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Filed (Cumulative)	31	39	49	63	77	91	108
Total Approved (Cumulative)	11	13	15	19	31	39	50

Alkem's US Team

ASCEND Laboratories, LLC
New Jersey, US

Key Milestones in the US Business

Crossed US$200 mn in annual sales

100+ Cumulative ANDAs filed with the US FDA

19 ANDAs filed during the year – highest in any financial year

Update on the US FDA Inspection

During the financial year, the US FDA conducted inspections at the Company's formulation manufacturing facilities located at Baddi, Daman and St. Louis. At the end of the inspection, Form 483 were issued with two observations for the Baddi facility, thirteen observations for the Daman facility and one observation for the St. Louis facility. The Company submitted comprehensive corrective and preventive action plans to the US FDA for each of these facilities within the stipulated timelines. The Company has already received an EIR (Establishment Inspection Report) for its Baddi and Daman facilities, thereby successfully closing the inspections. For the St. Louis facility, it is waiting to hear from the US FDA.

The Company is committed to deliver high quality products and adhere to regulatory compliance. It continuously invests in its systems, processes and people to keep up with the evolving GMP norms.

Outlook

The US market continues to remain challenging, though the Company is confident of continual growth in this key market. Among the biggest roadblocks in the country are price deflation resulting from customer consolidation, stronger competition and continually changing and tightening regulatory controls. The Company is countering these headwinds by creating a healthy pipeline of filings and approvals, with over 100 ANDA filings so far. The Company has also created its own front-end and supply chain, backed by cGMP compliant manufacturing facilities, helping it corner a growing share in the world's largest pharma market. Turning up the pace of ANDA filings through strong focus on R&D, capitalising on in-licensing opportunities and strategic alliances and partnerships to enhance its capabilities and product portfolio will provide the Company further legroom for growth in the US pharmaceutical market.

Operations at Daman facility

Other International Market Business

Key Financial Highlights

₹4,673mn
Revenue from Other International Markets

7.3%
Revenue Contribution

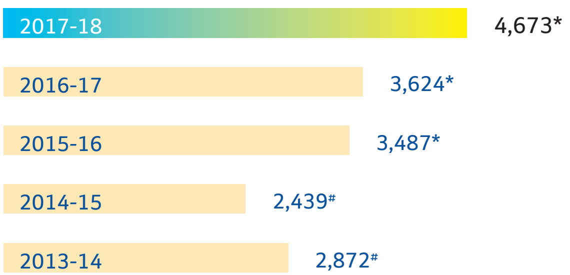
28.9%
y-o-y growth in Other International Markets

Apart from India and the US, the Company has onshore presence in select key international markets – Australia, Philippines, Chile, UK and Kazakhstan. During the financial year 2018, the Company's total consolidated operating revenues from Other International Markets business grew by 28.9% to ₹4,673 million compared to ₹3,624 million in financial year 2017. The key markets of Australia, Philippines and Chile registered healthy growth during the year which was well complimented by strong growth in Middle East and African markets. Growth was driven by contributions from new product launches (including in-licensed products) and improving market share in existing products. The Company has filed cumulatively more than 1,400 dossiers across international markets with more than 800 approvals.

Outlook for Other International Markets Business
Continually changing regulatory requirements and volatile currency exchange rates mean that the market and environment for the International Business will continue to throw up challenges depending on the evolving macroeconomic scenarios. However, the Company is confident that the long-term growth opportunities through market share increases in its existing products, acquisition of new customers and new product introductions will contribute to its overall growth. The Company has also strategised to retain its position and grow further in international markets by focusing on select markets and growing its operations by creating strong local presence and offering differentiated products. Another vertical of growth is expansion through strategic acquisitions and partnership agreements for product out-licensing and in-licensing.

Other International Market Revenues for the Last Five Years

(₹ in mn)



* Numbers in accordance to IND AS
# Restated numbers

Alkem's Australian Team

Research and Development (R&D)

Research & Development (R&D) is one of the main pillars of growth for the Company. For the financial year 2018, the Company's R&D expenses were ₹3,646 million or 5.7% of revenues compared to 5.5% in 2017. The Company has a team consisting of about 500 qualified and experienced professionals working across its five R&D centres spread across multiple locations. The Company's R&D team is specialised across the value chain of pharmaceutical and chemical research and has capabilities to develop a wide range of dosage forms. The Company's R&D facilities comply with international standards and are equipped with excellent infrastructure operated by best-in-class manpower. The Company has a 100+ bed clinical research facility where it conducts bioequivalence and bioavailability studies.

The Company has also made investments in the biosimilar segment through its subsidiary Enzene Biosciences – a biotech focused R&D company located in Pune. Enzene has biosimilar products in preclinical and clinical development stage which it looks to launch over medium to long-term in India and key international markets.

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

Product Filings in Key International Markets

	Filed*	Approved*
US (ANDA)	107	49
US (NDA)	01	01
Australia	42	32
EU	18	12
Philippines (Dossiers for each strength)	61	38
Chile (Dossiers for each strength)	180	150
Kazakhstan (Dossiers for each strength)	60	51

* As on 31st March, 2018

Quality Assurance

Quality is reinforced in every aspect of the business. It is exhibited at every stage of product development, manufacturing and distribution. In addition, the Company also ensures that quality standards are met in the processes, procedures and products of its partnership networks. The manufacturing facilities adhere to rigorous quality framework and assurance procedures.

The quality function is managed by highly qualified professionals with diverse experience in working with leading agencies across the globe, continual improvement processes, problem solving and total quality management tools and techniques.

The quality standards are constantly benchmarked against global best practices. The Company also insists its partners comply with national and international regulatory and business standards. The focus on quality excellence includes upgraded standards, technology and training for its people. All the manufacturing facilities of the Company are inspected and audited as per cGMP guidelines laid down by leading regulatory authorities including the US FDA, World Health Organisation (WHO), MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa).

Human Capital

The Company takes pride in its greatest resource and asset – the employees. They have been the pillars of Alkem by contributing to its success and sustaining it over the years.

As the Company surges ahead, it strategically added to its employee base, and undertook significant HR initiatives to build on levers like attracting talent, building capability, enabling performance, fostering innovation and strengthening employee connect.

The constant endeavour has been towards boosting a culture of employee recognition and motivation and the Company has been able to achieve this through well-designed policies and processes like rewards and recognitions, and other various employee benefit schemes.

Alkepedia – Alkem's platform for education & development and information access, APACT – Alkem's Performance acceleration and coaching tool, Aakar, Who is the next Edison? and ASMITA – All Staff Meeting for Inspiring Team Alkem were some of the initiatives that were launched during the year.

Over the year, Alkem's people practices were also recognised by renowned industry forums like People Matters and Digipharmax.

Going forward, the people function at Alkem will continue its twin focus of creating an agile workplace and building a highly engaged talent.

Risk Management

At Alkem, risk management activities are part of the operational responsibilities of the management and has made them a significant part of overall governance. The Company implements a broad and strategic approach to risk management, taking into consideration both internal and external risks and strengthening the governance process to respond promptly to changing dynamics.

1. Competition Risk
The introduction of new molecules by competitors may impair the Company's competitive advantage and lead to erosion of revenues. To address this risk, the Company makes significant investments in its R&D capabilities to develop differentiated products which may have relatively lower competition. Company's Business Development team continuously analyses the market to identify progressive molecules which could be launched by the Company.

2. Quality Risk
Any quality control problems or manufacturing defects may damage the Company's reputation and could expose it to litigation. To address this risk, the Company ensures that its manufacturing facilities are built in accordance with CGMP guidelines laid down by leading regulatory agencies across the world. Each of the facilities have separate quality control units to monitor the quality of its products. The equipment and instruments are checked and calibrated at periodic intervals. Products are released for distribution only when they meet all quality specifications.

3. Pricing Risk
Adverse pricing regulation by National Pharmaceutical Pricing Authority may lead to lower margins. To address this, the Company continuously looks at ways to improve its operating efficiencies. Also the focus is always on better product mix and higher volume growth to drive operating leverage.

4. R&D
Innovation, speed-to-market and a vigorous product pipeline are significant factors to ensure success for a pharma company. Failure of R&D to offer pioneering and cost-effective products would result in non-execution of top-line/bottom-line objectives.

The Company has a competent strategy to moderate this risk with allocated budgets and investments in R&D proportionate with the business plans. The R&D set-up at various plant locations continuously works on cost reduction of existing products and development of new products. The Company has regularised strong processes and established R&D methodologies to ensure winning commercialisation and minimum surprises during development.

5. Manufacturing Facility
The Company's manufacturing facilities at Sikkim manufactures a significant portion of its products for the domestic market.

Any disruption in the production due to natural disaster or shutdown of facility can have material adverse impact on the business. To mitigate this risk, the Company has backup plans to shift production to alternate manufacturing locations and contract manufacturers.

6. Regulatory Risk
Inability to receive necessary regulatory approvals for manufacturing facilities could affect business operations. The Company has put in place stringent review systems to ensure compliance with the statutory guidelines and norms of the pharmaceuticals industry. The Company's manufacturing facilities are inspected and audited as per CGMP guidelines laid down by leading regulatory agencies in the world.

7. Information Technology
Inadequate employee awareness and appreciation of Information Security may lead to breach of data integrity and confidentiality. The Company has deployed Microsoft Active Directory to enforce information security policy. The Company conducts frequent VAPT, IT audits and invests in tools to prevent data leakages.

8. Human Resources
Failure to attract and retain the right set of talent may adversely affects the growth of the organisation.

The Company has tied up with various institutions for offering courses specific to pharma industry. The Company regularly invests in training of its employees to upgrade their skillsets. The Company also has performance-based incentive schemes for its employees.

Internal Control & System

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

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

Cautionary Statement

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

Directors' Report to the Members

Dear Members,

Alkem Laboratories Limited

Your Directors are pleased to present their 44th Annual Report on the business and operations together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2018. Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL PERFORMANCE

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2018	Year ended 31st March, 2017
Income from Operations	53,002.6	46,684.5	64,311.8	58,525.0
Other Income	816.6	1,166.0	959.5	1,120.1
Total Revenue	53,819.2	47,850.5	65,271.3	59,645.0
Profit before Interest, Depreciation and Tax	10,743.1	9,945.9	11,243.3	11,109.7
Less: Interest	323.7	236.8	553.3	451.6
Less: Depreciation	1,076.5	764.8	1,430.3	1,011.7
Profit before tax	9,342.9	8,944.3	9,259.8	9,646.3
Less: Provision for Taxation (net)	2,184.5	112.7	2,875.6	599.6
Profit after tax and before Non-controlling Interest	7,158.4	8,831.6	6,384.2	9,046.7
Less: Non-controlling Interest	-	-	74.8	126.4
Profit for the year	7,158.4	8,831.6	6,309.4	8,920.3
Other comprehensive income	(72.7)	(36.7)	(189.6)	(231.6)
Other Comprehensive income attributable to Non-Controlling Interest	-	-	(1.1)	2.4
Total comprehensive income attributable to owners of the Company	7,085.7	8,794.9	6,118.7	8,691.1
Balance of other equity attributable to owners of the Company / Parent - opening balance	43,687.4	35,755.9	44,437.3	36,680.4
Less: Interim Dividend	1,793.5	717.4	1,793.5	717.4
Less: Dividend Distribution Tax	365.1	146.0	370.2	146.0
Employee Stock Option exercised	-	-	(0.2)	-
Employee Compensation Expenses	-	-	6.5	3.7
Less: Decrease in equity on Acquisition of additional stake in subsidiary	-	-	-	76.6
Capital Receipts	-	-	-	2.0
Balance of other equity attributable to owners of the Company / Parent - closing balance	48,614.5	43,687.4	48,398.6	44,437.3

OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31st March, 2018, the Company's total revenue including other income was ₹ 53,819.2 million on standalone basis as against ₹ 47,850.5 million achieved in the previous year, registering a growth of 12.5%.

The export turnover of the Company during the financial year 2017-18 was ₹ 9,942.4 million as against ₹ 7,242.0 million achieved in the previous year registering a growth of 37.3%.

During the financial year ended 31st March, 2018, the Company achieved total revenue including other income of ₹ 65,271.3 million on consolidated basis, as against a turnover of ₹ 59,645.0 million achieved in the previous year, registering a growth of 9.4%.

During the financial year ended 31st March, 2018, Standalone Profit before interest, depreciation and tax increased by 8.0% at ₹ 10,743.1 million as against ₹ 9,945.9 million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 1.2% at ₹ 11,243.3 million as against ₹ 11,109.7 million in the previous year. The lower growth in profit was partly on account of increase in other expenses which includes ₹ 263.1 million on account of net loss on fair valuation of current investments, including ₹ 380.1 million on account of fair valuation of investment in real estate fund as per report of independent valuers. Depreciation and Amortisation expenses for the financial year ended 31st March, 2018 also increased considerably compared to previous year due to significant capital investments in new facilities and other capital expenditures. As a result, Standalone

Profit before tax grew by 4.5% over the previous year to ₹ 9,342.9 million and Consolidated Profit before tax was ₹ 9,259.8 million, lower by 4.0% over the previous year.

During the financial year, the Standalone tax rate increased from 1.3% in previous year to 23.4% and the Consolidated tax rate increased from 6.2% in previous year to 31.1% largely due to some of the manufacturing facilities losing their fiscal benefits and also one-off charges related to significant changes in the US corporate income tax system. Thus, Standalone net profit after tax for the financial year ended 31st March, 2018 declined by 18.9% to ₹ 7,158.4 million over the previous year while the Consolidated net profit after tax declined by 29.4% over the previous year to ₹ 6,384.2 million.

DIVIDEND

During the financial year 2017-18, Board of Directors declared and paid an interim dividend at ₹ 6/- (Rupees Six only) per equity share of ₹ 2/- (Rupees Two only) each, being 300% of paid up share capital, on 9th February, 2018. In addition, your Directors are pleased to recommend payment of ₹ 7/- (Rupees Seven only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as final dividend for the financial year 2017-18, for the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total dividend (interim and final dividend) for the financial year 2017-18 will be ₹ 13/- (Rupees Thirteen only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 15/- (Rupees Fifteen only) per equity share of the face value of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

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

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for the financial year 2017-18.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2018 was ₹ 239.1 million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the employees or Directors of the Company, under any Scheme (including sweat equity shares).

DEPOSITS

The Company has not accepted any deposits from the public/members under Section 73 of the Companies Act, 2013 (hereinafter referred to as "the Act"), read with Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no deposits which are outstanding as on 31st March, 2018.

SUBSIDIARIES

As on 31st March, 2018, the Company had 21 subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of the Act.

Details of companies which have become or ceased to be subsidiary, associates and joint ventures of the Company, during the year under review:

Name	Details of Change	Date of Change
Ascend Laboratories Ltd., Canada	Incorporated as a wholly owned subsidiary in Canada	7th September, 2017
Alkem Foundation, India	Acquired 100% stake in Non-profit Organisation owned by two of the Promoters of the Company and consequently became a wholly owned subsidiary in India	14th December, 2017
Pharma Network SpA, Chile	Incorporated as a step-down subsidiary in Chile (being a wholly owned of the Company's wholly owned subsidiary Ascend Laboratories SpA)	27th March, 2018

The Board of Directors of the Company had approved the liquidation of Alkem Laboratories (NIG) Limited ("Alkem Nigeria"), the Company's wholly owned subsidiary in Nigeria. The procedure for liquidation was initiated during financial year 2017-18, however, Alkem Nigeria was liquidated on 6th May, 2018. In view of the same, Alkem Nigeria has been included in the list of subsidiaries as on 31st March, 2018.

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

The Audited Financial Statements of the subsidiaries are available on the Company's website at www.alkemlabs.com and are available for inspection by the Members at the Registered Office of the Company during business hours on all working days as required under

Section 136 of the Act. Any Member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY REPORT

As stipulated under Regulation 34 of SEBI LODR Regulations, the Business Responsibility Report, describing the initiatives taken by the Company from an environmental, social and governance perspective, is provided as a separate section forming part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company's CSR initiatives are as per our all-around enunciated Corporate Social Responsibility (CSR) Policy. Our CSR program aims to address the immediate and long term needs of the community and focus on where we can make the major impact on marginalised sections of the society. The Company's CSR strategy involves a multi-sectoral inclusive approach to focus on community needs. It strives to improve the well-being of our communities by focusing on education, vocational training, healthcare and sanitation, environmental concerns and rural development. The Company implements these activities directly or through strategic trust-based partnerships with various NGOs. During the financial year 2017-18, the Company has addressed the requirements of local communities in the vicinity of its manufacturing facilities and R&D centers through focused projects in the areas of education, health and hygiene, environment and community development.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2017-18 are outlined in the Report on CSR Activities annexed to this Report as Annexure C.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

As per the provisions of Section 161 read with Section 149 of the Act and the Articles of Association of the Company, Dr. Dheeraj Sharma (DIN 07683375) was appointed as an Additional Director designated as Independent Director of the Company w.e.f. 26th May, 2017. Thereafter, at the AGM held on 8th September, 2017, Dr. Dheeraj Sharma was appointed as Independent Director of the Company for a term of 5 years as per the provisions of Section 149 and Section 152 of the Act.

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

Mr. Sandeep Singh (DIN: 01277984) Joint Managing Director of the Company had been appointed and re-designated as the Managing Director of the Company for a period of 5 (Five) years w.e.f. 17th October, 2017 upto 16th October, 2022 which was approved by Shareholders of the Company on 6th January, 2018 through Postal Ballot.

Resignations/Retirements

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

Directors liable to Retirement by Rotation

Mr. Mritunjay Kumar Singh (DIN 00881412) is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible he has offered himself for re-appointment. Appropriate resolution for his re-appointment is included in the Notice of AGM for seeking approval of Members. The Directors recommend his re-appointment for your approval.

Particulars in pursuance of Regulation 36 of the SEBI LODR Regulations read with Secretarial Standard – 2 on General Meetings relating to Mr. Mritunjay Kumar Singh are given in the Notice of AGM.

Key Managerial Personnel

During the year under review, Mr. Prabhat Agrawal, Chief Executive Officer, had tendered his resignation on 30th October, 2017 from the post of Chief Executive Officer & Key Managerial Personnel of the Company and continued with the Company upto 31st March, 2018 for smooth transition of the responsibilities to senior management.

Mr. Sandeep Singh, Managing Director, Mr. Rajesh Dubey, President Finance and Chief Financial Officer and Mr. Manish Narang, President - Legal, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company as on 31st March, 2018, in accordance with the provisions of Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Independent Directors

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

In accordance with Section 149(7) of the Act, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of Independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR Regulations.

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

Familiarisation Program

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

Annual Evaluation of Board's Performance

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

The Independent Directors, at a separate meeting held on 7th November, 2017, evaluated performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairpersons of the Company.

Remuneration Policy

The Company follows a policy for selection and appointment of Directors, Senior Management and their remuneration, which is available on the Company's website at https://www.alkemlabs.com/admin/Photos/Policies/1378936118Nomination-and-Remuneration-Policy_modified%2027052016.pdf. The said policy is annexed to this Report as Annexure D.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

Further a statement showing the names and other particulars of top ten employees in terms of remuneration drawn and of employees drawing remuneration in excess of the limits required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and annual financial statements are being sent to the Members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the Members at the Registered Office of the Company during the business hours on all working days up to the date of AGM and also shall be provided to any Member on a written request to obtain a copy of the same to the Company Secretary.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 5 (Five) times during the financial year 2017-18. The details of the Board meetings and the attendance of Directors thereat are provided in the Corporate Governance Report, which forms part of this Report.

In terms of requirements of Schedule IV of the Act, a separate meeting of Independent Directors was also held on 7th November, 2017 to review the performance of Non-Independent Directors (including the Chairpersons), the entire Board and quality, quantity and timelines of the flow of information between the Management and the Board.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Sandeep Singh (inducted as member w.e.f. 10th November, 2017), Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi and Ms. Sangeeta Singh as Members. The brief terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Balmiki Prasad Singh and Mr. Mritunjay Kumar Singh (inducted as member w.e.f. 30th May, 2018) as Members. Mr. Sandeep Singh was a member of this Committee upto 30th May, 2018. The brief terms of reference of the Corporate Social Responsibility Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh (inducted as member w.e.f. 30th May, 2018) and Mr. Akhouri Maheshwar Prasad as Members. Mr. Sandeep Singh was a member of this Committee upto 30th May, 2018. The brief terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Risk Management Committee

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

RISK MANAGEMENT

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has a Board approved Risk Management Policy. The Board of Directors has constituted a Risk Management Committee which is delegated with the responsibility of overseeing various strategic, operational and financial risks that the organisation faces, along with assessment of risks, their management and mitigation procedures. A detailed analysis of the business risks and opportunities is given under Management Discussion and Analysis.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, your Directors confirm that:

(a) in the preparation of the 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, if any;

(b) they have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual financial statements on a going concern basis;

(e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 relating to 'Meetings of the Board of Directors' and SS-2, relating to 'General Meetings', have been duly followed by the Company.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s BSR & Co. LLP (Firm Registration No: 101248W/W-100022), Chartered Accountants, the Statutory Auditors of the Company, were appointed pursuant to the resolution passed by the Members at the Fortieth (40th) AGM held on 18th August, 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Act, the appointment of Auditors is required to be ratified by Members at every AGM. However, in accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.

M/s BSR & Co. LLP, Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company for the financial year 2018-19.

The Auditors' Report for financial year ended 31st March, 2018, does not contain any qualification, reservation or adverse remark.

Cost Auditor

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder read with notifications/ circulars issued by the Ministry of Corporate Affairs from time-to-time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting held on 26th May, 2017, had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2017-18 to conduct the audit of the cost records of the Company. The Company had also received certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company. A resolution for ratification of the remuneration payable to the Cost Auditor is included in the Notice of AGM for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Manish Ghia & Associates, Practicing Company Secretaries, (Membership No. F6252, COP No. 3531) to conduct the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

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

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered into during financial year 2017-18 by the Company, were at arm's length basis, in the ordinary course of business and in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and are in conformity with the Company's Policy on Related Party Transactions.

During the financial year 2017-18, the Company did not enter into any material related party transactions, i.e. transactions exceeding ten percent of the consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at https://www.alkemlabs.com/admin/Photos/Policies/84051713915915Policy_on_Related_Party_Transactions.pdf

PARTICULARS OF LOANS/GUARANTEES GIVEN AND INVESTMENTS MADE AND SECURITIES PROVIDED

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

Internal Complaints Committees have been set up at the head office of the Company as well as at all the Company's plants and R&D Centers to redress complaints received on sexual harassment. During the financial year 2017-18, the Company had not received any complaint of sexual harassment.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if any:

During the financial year 2017-18, there was no change in the nature of business of the Company.

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

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

Significant and Material Orders:

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

Reporting of Frauds by Auditors:

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

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) as mandated under the Act. The Company's policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorised, recorded and reported correctly.

During the financial year under review, Internal Auditors of the Company with the external audit consultants have reviewed the effectiveness and efficiency of these systems and procedures. As per the said assessment, Board is of the view that IFC operates effectively and no material weakness exists.

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

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

ACKNOWLEDGEMENT

Your Directors would like to express sincere gratitude to all valuable stakeholders of the Company viz., the Central and State Government Departments, Organisations, Agencies, our customers, shareholders, dealers, vendors, banks, medical fraternity, patients and other business associates for their excellent support and co-operation extended by them during the financial year under review.

The Board of Directors also places on record its appreciation for the significant contribution made by the employees of the Company through their dedication, hard work and unstinted commitment.

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Place: Mumbai
Date: 30th May, 2018

Annexure A

DIVIDEND DISTRIBUTION POLICY OF ALKEM LABORATORIES LIMITED

PREAMBLE

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

OBJECTIVE

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

PHILOSOPHY

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

DEFINITIONS

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

PARAMETERS FOR DECLARATION OF DIVIDEND

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

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

External Factors

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

Circumstances under which the shareholders may or may not expect Dividend

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

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

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

Modification of the Policy

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

Disclosure

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

Annexure B

Form AOC-1(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing Salient Features of the Financial Statement of Subsidiaries

Part "A": Subsidiaries

(₹ in million)

Sr.No.	Name of Subsidary	Date since when subsidiary was acquired / incorporated (became subsidiary)	Reporting period of the subsidiary(if different from the holding company's reporting period)	Reporting Currency	Exchange Rate as on the last date of relevant financial year (in ₹)	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Extent of shareholding (in %)
1	Pharmacor Pty Limited	30.06.2009	N.A.	AU$	49.8949	88.1	18.5	712.7	606.1	-	1,201.1	59.6	25.7	33.9	-	100.00%
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	N.A.	1.8	432.5	2,239.1	1,804.8	0.1	3,116.0	(170.3)	(54.8)	(115.5)	-	58.80%
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.1072	281.0	113.4	1,011.3	617.0	-	718.0	22.3	18.6	3.7	-	100.00%
4	Enzene Biosciences Limited	04.11.2011	N.A.	INR	N.A.	190.3	1,509.6	1,885.6	185.7	-	52.9	(404.3)	-	(404.3)	-	99.98%
5	Alkem Pharma GmbH$	10.11.2008	N.A.	EURO	79.9708	1.7	(5.8)	0.2	4.4	-	-	(1.9)	-	(1.9)	-	100.00%
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	N.A.	2.5	2,108.3	3,378.0	1,267.1	16.9	3,555.6	402.8	149.4	253.4	1600%	51.00%
7	The PharmaNetwork LLP	14.08.2012	N.A.	TENGE	0.2031	157.6	(8.7)	198.1	49.2	-	223.2	15.0	5.3	9.7	-	100.00%
8	Alkem Laboratories Korea, Inc$	07.08.2012	N.A.	WON	0.0611	0.1	0.0	0.1	-	-	-	-	-	-	-	100.00%
9	Ascend Laboratories Sdn Bhd$	13.12.2010	N.A.	RM	16.7944	0.0	0.0	1.3	1.3	-	-	-	-	-	-	100.00%
10	S & B Holdings B.V.	17.06.2009	N.A.	EURO	79.9708	2,897.2	(1,301.1)	2,455.8	859.7	2,054.8	-	75.0	584.4	(509.4)	-	100.00%
11	Alkem Laboratories (NIG) Limited	17.09.2007	N.A.	NAIRA	0.1784	9.4	(64.3)	0.0	55.0	-	-	72.7	-	72.7	-	100.00%
12	Pharmacor Limited$	15.05.2012	N.A.	KES	0.6380	0.1	(0.0)	0.0	-	-	-	(0.0)	-	(0.0)	-	100.00%
13	Alkem Laboratories Corporation	07.11.2008	N.A.	PESO	1.2428	139.7	(387.3)	109.5	357.1	-	125.3	(103.8)	11.3	(115.1)	-	100.00%
14	S & B Pharma Inc.	25.01.2012	N.A.	USD	64.9180	0.0	1,076.7	4,029.0	2,952.3	-	1,781.2	(288.3)	-	(288.3)	-	100.00%
15	Alkem Laboratories (Pty) Limited	26.05.2008	N.A.	RAND	5.4827	68.8	19.7	116.8	28.2	-	190.3	9.7	2.7	7.0	-	100.00%
16	ThePharmaNetwork LLC	15.07.2010	N.A.	USD	64.9180	578.9	(2,314.0)	1,224.5	2,959.6	703.1	-	(646.5)	-	(646.5)	-	100.00%
17	Ascend Laboratories LLC	15.07.2010	N.A.	USD	64.9180	703.1	6,100.6	9,512.3	2,708.6	-	12,137.0	1,471.0	-	1,471.0	-	100.00%
18	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	91.0885	9.9	15.2	363.9	338.8	-	357.6	11.6	2.2	9.4	-	100.00%
19	Alkem Foundation$	14.12.2017	N.A.	INR	N.A.	0.1	(0.1)	-	-	-	-	-	-	-	-	100.00%
20	Ascend Laboratories Limited$	07.09.2017	N.A.	CAD	50.3586	-	-	-	-	-	-	-	-	-	-	0*
21	Pharma Network SpA$	27.03.2018	N.A.	CLP	0.1072	-	-	-	-	-	-	-	-	-	-	100.00%#

* Subsidiary pursuant to Sec 2(87)(ii)

$ Subsidiary yet to commence operations

Subscribed capital, not paid-up

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

CIN: L00305MH1973PLC174201

Samprada Singh
Chairman Emeritus
DIN 00760279

B.N. Singh
Executive Chairman
DIN 00760310

Sandeep Singh
Managing Director
DIN 01277984

D.K.Singh
Joint Managing Director
DIN 00739153

B.P. Singh
Executive Director
DIN 00739856

M.K. Singh
Executive Director
DIN 00881412

Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President - Legal, Company Secretary & Compliance Officer

P.V. Damodaran
Sr.VP - Business Finance

Place: Mumbai
Date: 30th May, 2018

Annexure C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

With an endeavor to achieve the above and to be a socially responsible corporate citizen, your Company has developed a CSR policy wherein it has identified some areas which are in line with its overall social objectives and which are covered under Schedule VII of the Companies Act, 2013 and also as per the regulatory guidelines given by the Government from time to time.

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

The CSR Policy has been put up on your Company's Website and can be accessed through the following link: https://www.alkemlabs.com/admin/Photos/Policies/1566224684CSR_Policy_revised%2009.02.2018.pdf

2. Composition of CSR Committee:

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

3. Average net profit of the company for last three financials years: ₹ 6,831.6 Million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 136.6 Million

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: ₹ 136.6 Million

(b) Amount unspent, if any: ₹ 30.3 Million

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

(₹ in million)

Sr No	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or programmes	Amount spent on the projects or programs Sub-heads: Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
1	Drinking water projects to provide clean drinking water	Healthcare and Sanitation	1) Raigad, Maharashtra 2) East Sikkim 3) Mandva, Gujarat 4) Baddi, Himachal Pradesh	7.8	6.9	-	6.9	Direct
2	Construction of public toilets	Healthcare and Sanitation	1) Raigad, Maharashtra 2) Thane, Maharashtra 3) Kumrek, Sikkim 4) Samurdung, Sikkim 5) Mandva, Gujarat	9.6	9.3	-	9.3	Direct
3	Swachhta Pakhwada Programme / Cleanliness Programme	Healthcare and Sanitation	1) Kumrek, Sikkim 2) Mandva, Gujarat 3) Daman	2.4	2.0	-	2.0	Direct
4	Mobile Medical Programme: Providing equipment for Ambulance	Healthcare	Daman	0.1	0.1	-	0.1	Direct
5	Mobile Cancer Screening Programme for underprivileged patients	Healthcare	Hyderabad, Telangana	0.5	0.5	-	0.5	Implementing Agency: Grace Cancer Foundation

(₹ in million)

Sr No	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct expenditure on projects or programmes	Overheads		
6	Breast Cancer detection camp	Healthcare	Mumbai, Maharashtra	1.3	1.3	-	1.3	Implementing Agency: NK Dhabhar Foundation
7	Health Checkup and Cancer detection camp	Healthcare	Daman	2.0	0.9	-	1.6	Implementing Agency: Krishna Cancer Aid Association
8	Organised free screening camp for underprivileged people suffering from neurological disorders.	Healthcare	Ahmedabad, Gujarat	0.6	0.3	-	0.6	Implementing Agency: Dr. V. J. Shah Charitable Trust
9	Health checkup for underprivileged dementia patients	Healthcare	Hyderabad, Telangana	0.6	0.3	-	0.6	Implementing Agency: ARDSI Hyderabad
10	Eye care and Cataract detection camp	Healthcare	1) Rohtas, Bihar 2) Kaimur, Bihar	0.3	0.3	-	0.3	Implementing Agency: Sightsavers India
11	Awareness program for dementia patients	Healthcare	Mumbai, Maharashtra	1.2	1.2	-	1.2	Implementing Agency: ARDSI Mumbai Chapter
12	Free checkup and raising awareness on Epilepsy	Healthcare	Mumbai, Maharashtra	1.0	0.5	-	1.0	Implementing Agency: Samman Association
13	Health Checkup Camps	Healthcare	1) Baddi, Himachal Pradesh 2) Raigad, Maharashtra	0.6	0.1	-	0.1	Direct
14	Alkem Health Centre provided free healthcare facilities to underprivileged patients	Healthcare	1) Mamring, Sikkim 2) Baddi, Himachal Pradesh	2.6	2.4	-	2.4	Direct
15	Support to underprivileged patients	Healthcare	Kolkata, West Bengal	0.2	0.2	-	0.2	Implementing Agency: Behala Balananda Bramachari Hospital & Research Centre
16	Cancer education and awareness programme and free healthcare facility for cancer patients	Healthcare	Chennai, Tamil Nadu	0.5	0.5	-	0.5	Implementing Agency: Cancer Institute (WIA)
17	Healthcare facilities for treatment of premature babies belonging to underprivileged families	Healthcare	Mumbai, Maharashtra	0.3	0.3	-	0.3	Implementing Agency: Surya Bio Medical Research Centre
18	Spine surgery for underprivileged people	Healthcare	Mumbai, Maharashtra	1.0	1.0	-	1.0	Implementing Agency: Spine Foundation

(₹ in million)

Sr No	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or programmes	Amount spent on the projects or programs Sub-heads: Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
19	Sponsoring Cochlear Implants for underprivileged deaf children	Healthcare	Mumbai, Maharashtra	2.6	2.6	-	2.6	Implementing Agency: I Hear Foundation
20	Renovation of hospitals, public health centre and providing better healthcare infrastructure	Healthcare	1) Kumrek and Samurdung, Sikkim 2) Daman	1.7	1.4	-	1.4	Direct
21	Renovation of day care centre for underprivileged people	Healthcare	Ernakulam, Kerala	0.2	0.2	-	0.2	Implementing Agency: Indian Red Cross Society
22	Provided surgical materials and drugs	Healthcare	Ahmedabad, Gujarat	0.2	0.2	-	0.2	Implementing Agency: Snehlata Antray Shah Memorial Charitable Trust
23	Construction of women rehab centre	Healthcare	Varanasi, Uttar Pradesh	2.5	2.5	-	2.5	Implementing Agency: Deva Foundation
24	Provided Healthcare infrastructure: Ultrasound Machine	Healthcare	Lucknow, Uttar Pradesh	1.0	1.0	-	1.0	Implementing Agency: Ramakrishna Mission Sevashram
25	Construction of class room for Bhakti Vedanta	Promoting education	Kharghar, Maharashtra	2.0	1.0	-	2.0	Implementing Agency: ISKCON, Kharghar
26	Construction of Girls Hostel	Promoting education	Bangalore, Karnataka	20.0	20.0	-	20.0	Implementing Agency: Vivekanand Yoga Anusandhana Samsthana (VYASA)
27	Construction of Higher Secondary School	Promoting education	Gaya, Bihar	1.3	1.3	-	1.3	Implementing Agency: Vivekanand Vidyalaya
28	Construction, renovation of schools and provided better infrastructure facilities to students	Promoting education	1) Kumrek and Samurdung, Sikkim 2) Mandva, Gujarat 3) Baddi, Himachal Pradesh 4) Daman	26.7	26.4	-	26.4	Direct
29	Supported education for students in rural areas	Promoting education	Punjab	16.0	16.0	-	16.0	Implementing Agency: FCS Foundation
30	Sponsoring Beti Bachao Beti Padhao Program	Promoting education	Rangpo, Sikkim	0.2	0.2	-	0.2	Implementing Agency: Aam Bihari Kalyan Manch

(₹ in million)

Sr No	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or programmes	Amount spent on the projects or programs Sub-heads: Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
31	Organised english language classes for underprivileged people	Promoting education	Ranchi, Jharkhand	0.2	0.2	-	0.2	Implementing Agency: International Library and Cultural Centre
32	Adoption of Tribal Schools in Assam	Promoting education	Dibrugarh, Assam	0.2	0.2	-	0.2	Implementing Agency: Friends of Tribals Society
33	Donation of school bags and stationery	Promoting education	1) Bero, Jharkhand 2)Behrampore, West Bengal 3) Cuttack and Bhubaneshwar, Orissa 4) Bawadi and Jaipur, Rajasthan 5) Kasba and Purnea, Bihar	0.3	0.3	-	0.3	Implementing Agency: Goonj
34	Sponsoring Mid-Day Meal Programme	Promoting education	Jodhpur, Rajasthan	0.1	0.1	-	0.1	Implementing Agency: Akshaya Patra
35	Donation of laboratory apparatus to school	Promoting education	Majhitar, Sikkim	0.2	0.1	-	0.1	Direct
36	Silai Siksha Kendra	Vocational Training	1) Baddi, Himachal Pradesh 2) Mandva, Gujarat	0.3	0.2	-	0.2	Direct
37	Tree Plantation Campaign	Environmental Sustainability	1) Nalanda, Bihar 2) Jehanabad, Bihar	1.6	1.6	-	1.6	Implementing Agency: Ek Lamha Zindagi Ke Naam Foundation
38	Water Retention Project	Environmental Sustainability	Beed, Maharashtra	2.0	2.0	-	2.0	Implementing Agency: Manav Seva Mandal Global, Parli
39	Tree Plantation Programme	Environmental Sustainability	Baddi, Himachal Pradesh	0.2	0.1	-	0.1	Direct
40	Garden Development	Environmental Sustainability	Raigad, Maharashtra	0.1	0.1	-	0.1	Direct
41	Installation of solar lights	Environmental Sustainability	Mandva, Gujarat	0.6	0.5	-	0.5	Direct
TOTAL				**112.8**	**106.3**	-	**109.1**	

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

Your Company considers social responsibility as an integral part of its business activities and endeavors to utilise allocable CSR budget for the benefit of society. Our CSR initiatives are concentrated on well-being of our communities by focusing on healthcare and sanitation, education, environmental concerns, rural development, women empowerment and vocational training. During the financial year 2017-18, the Company had substantially increased its CSR expenditure but could not materialise its long term CSR initiatives on account of inability to find the required infrastructure. In this regard, the Company has acquired a non-profit organisation named Alkem Foundation for supplementing its efforts in implementation of its CSR objectives in a structured manner and in helping the community from the long term point of view. The Company believes that its short term and mid-term initiatives have progressed well and endeavors to accelerate its CSR expenditure in the coming years for achieving its long term objectives as well.

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

Place: Mumbai
Date: 30th May, 2018

Samprada Singh
Chairman Emeritus

Ranjal Laxmana Shenoy
Chairman, CSR Committee

Annexure D

POLICY FOR NOMINATION & REMUNERATION COMMITTEE OF ALKEM LABORATORIES LIMITED

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

1. OBJECTIVE OF THE POLICY

The policy is framed with the objective(s):

1. That based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the Industry, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and talented managerial personnel of the quality required to run the Company successfully and to ensure long term sustainability and create competitive advantage.

2. That the remuneration to Directors, Key Managerial Personnel (KMP) and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

2. FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

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

1. Identify persons who are qualified to become Directors and employees who may be appointed in key managerial position, senior management in accordance with the criteria laid down, recommend to the Board their appointment, remuneration and removal, including succession planning.

2. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors, including Board diversity.

3. Devise framework to ensure that Directors are inducted through suitable familiarisation process alongwith criteria for evaluation of Independent Directors and the Board and to provide for reward(s) linked directly to their effort, performance.

4. Decide / approve details of fixed components and performance linked incentives along with the performance criteria.

5. Such other functions as may be decided in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

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

3. APPLICABILITY

This Policy in applicable to:

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

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

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time /Executive/ Managing Directors will be recommended by the Committee and approved by the Board. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

2. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.

3. Increments to the Whole Time Director(s) should be within the slabs approved by the shareholders. Increments will be effective 1st April in respect of a

Whole Time Director as well as in respect of other employees of the Company, unless otherwise decided.

5. REMOVAL

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

6. RETIREMENT

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

7. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

7.1. Sitting Fees

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

7.2. Profit-linked Commission

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

7.3. Stock Options

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

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

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

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

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

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

Annexure E

STATEMENT OF PARTICULARS AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Sl. No.	Name of the Director and Designation	% increase in the remuneration in the financial year ended 31st March, 2018	Ratio of the remuneration of each Director to the median remuneration of the employees
Non-Executive Directors			
1.	Mr. Samprada Singh, Chairman Emeritus	0.4%	483.2
Independent Directors			
2.	Mr. Akhouri Maheshwar Prasad, Independent Director	54.5%	5.8
3.	Mr. Ranjal Laxmana Shenoy, Independent Director	38.5%	6.2
4.	Mr. Arun Kumar Purwar, Independent Director	41.7%	5.8
5.	Ms. Sudha Ravi, Independent Director	41.7%	5.8
6.	Ms. Sangeeta Singh, Independent Director	50.0%	6.2
7.	Dr. Dheeraj Sharma, Independent Director#	NA	5.5
Executive Directors			
8.	Mr. Basudeo N. Singh, Executive Chairman	0.3%	474.3
9.	Mr. Sandeep Singh, Managing Director	32.3%	150.0
10.	Mr. Dhananjay Kumar Singh, Joint Managing Director	20.1%	143.5
11.	Mr. Balmiki Prasad Singh, Executive Director	16.5%	108.6
12.	Mr. Mritunjay Kumar Singh, Executive Director	20.2%	132.5

#Appointed w.e.f. 26th May, 2017

Sl. No.	Name of the Key Managerial Personnel and Designation	% increase in the remuneration in the financial year ended 31st March, 2018
1	Mr. Prabhat Agrawal, Chief Executive Officer&	48.5%*
2	Mr. Rajesh Dubey, Chief Financial Officer	61.3%$
3	Mr. Manish Narang, Company Secretary	46.1%#

&Resigned w.e.f. 31st March, 2018.
*variation due to severance pay
$variation due to one-time incentive payout and base pay correction
#variation due to base pay correction

i. During the financial year ended 31st March, 2018, the median remuneration of employees increased by 17.7%.

ii. As on 31st March, 2018, the Company had 13,270 permanent employees on its rolls.

iii. During the financial year 2017-18, there was an average 14.3% increase in the salaries of employees (including KMP) other than the managerial personnel as against increase in managerial remuneration by 7.9% which were in line with the industry pay levels.

iv. We affirm that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Place: Mumbai
Date: 30th May, 2018

Annexure F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

To,
The Members,
Alkem Laboratories Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Alkem Laboratories Limited** (CIN: L00305MH1973PLC174201) and having its registered office at Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period); and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) Drugs & Cosmetics Act, 1940; Food Safety & Standards Act, 2006; Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotic Drugs and Psychotropic Substances Act, 1985; The Poisons Act, 1919; The Sales Promotion Employees (Condition of Service) Act, 1976; including the rules and regulations made under these Acts; Essential Commodities Act, 1955 and the Drugs (Prices Control) Order, 2013 issued thereunder; National Pharmaceutical Pricing Policy, 2012 being the laws that are specifically applicable to the Company based on their sector/industry.

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

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

We further report that

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

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

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

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

We further report that during the audit period:

(a) the Company has altered the Articles of Association of the Company with the approval of the Members by way of passing Special Resolution through Postal Ballot process, the results of which were declared on 22nd May, 2017; and

(b) the Board of Directors of the Company at their meeting held on 9th February, 2018, declared an interim dividend of ₹ 6/- per share subject to dividend distribution tax in respect of 11,95,65,000 equity shares of the face value of ₹ 2/- each for the financial year 2017-18.

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

For **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner
M. No. FCS 6252 C.P. No. 3531

Place: Mumbai
Date: 30th May, 2018

'Annexure A'

To,
The Members,
Alkem Laboratories Limited
Mumbai

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner
M. No. FCS 6252 C.P. No. 3531

Date: 30th May, 2018
Place: Mumbai

Annexure G

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2018

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

I REGISTRATION & OTHER DETAILS

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Pharmaceutical	210	93.9%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No.	NAME & ADDRESS OF THE COMPANY	CIN/GLN/LLPIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Enzene Biosciences Limited Plot No. 165/1/26, T-Block, MIDC, Bhosari, Pune - 411028	U24232PN2006PLC165610	Subsidiary	99.98%	2(87)
2	Cachet Pharmaceuticals Private Limited Exhibition Road, P.S- Gandhi Maidan , Patna, Bihar - 800001	U24230BR1978PTC001328	Subsidiary	58.80%	2(87)
3	Indchemie Health Specialities Private Limited 510-517 Shah & Nahar Industrial Estate Dr. E Moses Road, Worli, Mumbai - 400018	U24230MH1986PTC039692	Subsidiary	51.00%	2(87)
4	Alkem Foundation Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	U85100MH2010NPL206161	Subsidiary	100.00%	2(87)
5	Alkem Laboratories (NIG) Limited 115, Palm Avenue, Mushin, Lagos, Nigeria	N.A.	Subsidiary	100.00%	2(87)
6	Alkem Laboratories (Pty) Ltd Route 21, Corporate Park, 33 Sovereign Drive, Irene Ext.31, Gauteng 0157, South Africa	N.A.	Subsidiary	100.00%	2(87)
7	Alkem Laboratories Corporation 5th Floor, 135 Dela Rosa Street corner Legaspi Street, Legaspi Village, Makati City, Phillipines	N.A.	Subsidiary	100.00%	2(87)

Sl No.	NAME & ADDRESS OF THE COMPANY	CIN/GLN/LLPIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
8	Alkem Pharma GmbH Gutenbergstraße 13, 24941 Flensburg, Germany	N.A.	Subsidiary	100.00%	2(87)
9	Pharmacor Pty Limited Suite 1, 307-317 Condamine St, Manly Vale, NSW 2093, Australia	N.A.	Subsidiary	100.00%	2(87)
10	S & B Holdings B V Naritaweg 165, Teletone 8, 1043 BW Amsterdam, Netherlands	N.A.	Subsidiary	100.00%	2(87)
11	ThePharmaNetwork LLC 180 Summit Avenue, Suit 200, Montvale, NJ 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)
12	Ascend Laboratories LLC 180 Summit Avenue, Suite 200, Montvale, NJ 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)
13	Ascend Laboratories Sdn Bhd 16th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia	N.A.	Subsidiary	100.00%	2(87)
14	Ascend Laboratories SpA Avda. Andres Bello 2687, Las Condes, City of Santiago, Chile	N.A.	Subsidiary	100.00%	2(87)
15	Pharma Network SpA El Regidor 66, 10th floor, Las Condes, Santiago - Chile	N.A.	Step down Subsidiary	100.00%	2(87)
16	Pharmacor Limited Twiga Towers, Third Floor, P O Box 27859 00100, Nairobi, Republic of Kenya	N.A.	Subsidiary	100.00%	2(87)
17	The PharmaNetwork LLP 404/67/9 House, Seyfullin Ave., Corner of Mametova Street, Almalinskiy district, Almaty, 050004, Republic of Kazakhstan	N.A.	Subsidiary	100.00%	2(87)
18	Alkem Laboratories Korea, Inc 6, Gaepo-ro 26-gil, Gangnam-gu, Seoul, South Korea	N.A.	Subsidiary	100.00%	2(87)
19	S&B Pharma Inc 405 South Motor Avenue, Azusa, California 91702, U.S.A.	N.A.	Subsidiary	100.00%	2(87)
20	Ascend Laboratories (UK) Ltd 5th Floor, 89 New Bond Street, London WS1 1DA, United Kingdom	N.A.	Subsidiary	100.00%	2(87)
21	Ascend Laboratories Limited 27th Floor, PO BOX 49123 595, Burrard Street, Vancouver, BC V7X 1J2 , Canada	N.A.	Subsidiary	-	2(87)

IV (I) SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % OF TOTAL EQUITY)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
(1) Indian									
a) Individual/HUF	80077796	0	80077796	66.97	78743333	0	78743333	65.86	-1.12
b) Central Govt.or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL:(A) (1)	**80077796**	**0**	**80077796**	**66.97**	**78743333**	**0**	**78743333**	**65.86**	**-1.12**
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**80077796**	**0**	**80077796**	**66.97**	**78743333**	**0**	**78743333**	**65.86**	**-1.12**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	2941682	0	2941682	2.46	3465569	0	3465569	2.90	0.44
b) Banks/FI	86313	0	86313	0.07	106253	0	106253	0.09	0.02
C) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d) State Government	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)									
Foreign Portfolio Investor	5041247	0	5041247	4.22	4308479	0	4308479	3.60	-0.61
Alternate Investment Fund	0	0	0	0.00	392122	0	392122	0.33	0.33
SUB TOTAL (B)(1):	**8069242**	**0**	**8069242**	**6.75**	**8272423**	**0**	**8272423**	**6.92**	**0.17**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	1600519	0	1600519	1.34	1828672	0	1828672	1.53	0.19
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2134120	1	2134121	1.78	2560280	1	2560281	2.14	0.36
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	27379324	0	27379324	22.90	27830026	0	27830026	23.28	0.38
c) Others (specify)									
Trusts	1562	0	1562	0.00	2867	0	2867	0.00	0.00
Foreign Nationals	0	0	0	0.00	246	0	246	0.00	0.00
Hindu Undivided Family	195234	0	195234	0.16	183045	0	183045	0.15	-0.01
Non Resident Indians (Non Repat)	24150	0	24150	0.02	35874	0	35874	0.03	0.01
Non Resident Indians (Repat)	52893	0	52893	0.04	82268	0	82268	0.07	0.02
Clearing Members	30159	0	30159	0.03	25965	0	25965	0.02	0.00
SUB TOTAL (B)(2):	**31417961**	**1**	**31417962**	**26.28**	**32549243**	**1**	**32549244**	**27.22**	**0.95**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**39487203**	**1**	**39487204**	**33.03**	**40821666**	**1**	**40821667**	**34.14**	**1.12**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
GRAND TOTAL (A+B+C)	**119564999**	**1**	**119565000**	**100.00**	**119564999**	**1**	**119565000**	**100.00**	**0.00**

* Promoter includes promoter group

(ii) Share Holding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Samprada Singh	1577190	1.32	-	1577190	1.32	-	0.00
2	Samprada Singh HUF	150800	0.13	-	150800	0.13	-	0.00
3	Balmiki Prasad Singh	71595	0.06	-	71595	0.06	-	0.00
4	Manju Singh	0	0.00	-	1	0.00	-	***0.00
5	Sarandhar Singh	79800	0.07	-	79800	0.07	-	0.00
6	Srinivas Singh	79800	0.07	-	79800	0.07	-	0.00
7	Satish K. Singh	21444	0.02	-	21444	0.02	-	0.00
8	Prem Lata Singh	0	0.00	-	1	0.00	-	***0.00
9	Sarvesh Singh	79800	0.07	-	79800	0.07	-	0.00
10	Annapurna Singh	0	0.00	-	1	0.00	-	***0.00
11	Sandeep Singh	108867	0.09	-	108867	0.09	-	0.00
12	Inderjit Arora	7800	0.01	-	7800	0.01	-	0.00
13	Basudeo N Singh	8479950	7.09	-	8586100	7.18	-	0.09
14	Rekha Singh	3459150	2.89	-	0	0.00	-	-2.89
15	Dhananjay K. Singh	5766260	4.82	-	7466260	6.24	-	1.42
16	Madhurima Singh	2974240	2.49	-	2974250	2.49	-	***0.00
17	Divya Singh	1195650	1.00	-	1195724	1.00	-	***0.00
18	Aniruddha Singh	1195650	1.00	-	1195779	1.00	-	***0.00
19	Mritunjay K. Singh	5806060	4.86	-	7511875	6.28	-	1.43
20	Seema Singh	2937740	2.46	-	2937740	2.46	-	0.00
21	Meghna Singh	1204150	1.01	-	1204150	1.01	-	0.00
22	Shrey Shreeanant Singh	1195650	1.00	-	1195650	1.00	-	0.00
23	Archana Singh	2394050	2.00	-	2394050	2.00	-	0.00
24	Sarandhar Singh*	25205800	21.08	-	25205800	21.08	-	0.00
	TOTAL	**63991446**	**53.52**	**-**	**64044477**	**53.56**	**-**	**0.04**

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

(iii) Change in Promoters' Shareholding

Sr. No.	Shareholders Name For Each of the Shareholders	Shareholding No. of Shares at the beginning of the year (01.04.2017)	Shareholding % of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year No. of Shares	Cumulative Shareholding during the year % of Shares of the Company
1	Samprada Singh	1577190	1.32	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	1577190	1.32
2	Basudeo N. Singh	8479950	7.09	01.04.2017				
				14.06.2017	10000	Market Purchase	8489950	7.10
				20.06.2017	10000	Market Purchase	8499950	7.11
				04.09.2017	5700	Market Purchase	8505650	7.11
				05.09.2017	21300	Market Purchase	8526950	7.13
				11.01.2018	59150	Shares received through transmission	8586100	7.18
				31.03.2018	-	-	8586100	7.18
3	Balmiki Prasad Singh	71595	0.06	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	71595	0.06
4	Dhananjay Kumar Singh	5766260	4.82	01.04.2017				
				10.01.2018	1044613	Shares received through transmission	6810873	5.70
				24.01.2018	655387	Shares received through transmission	7466260	6.24
				31.03.2018	-	-	7466260	6.24
5	Mritunjay Kumar Singh	5806060	4.86	01.04.2017				
				27.06.2017	561	Market Purchase	5806621	4.86
				14.08.2017	216	Market Purchase	5806837	4.86
				22.08.2017	893	Market Purchase	5807730	4.86
				29.08.2017	3482	Market Purchase	5811212	4.86
				30.08.2017	406	Market Purchase	5811618	4.86
				26.09.2017	257	Market Purchase	5811875	4.86
				10.01.2018	1044614	Shares received through transmission	6856489	5.73
				24.01.2018	655386	Shares received through transmission	7511875	6.28
				31.03.2018	-	-	7511875	6.28
6	Sandeep Singh	108867	0.09	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	108867	0.09
7	Samprada Singh HUF	150800	0.13	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	150800	0.13
8	Manju Singh	0	0.00	01.04.2017				
				27.06.2017	1	Market Purchase	1	***0.00
				31.03.2018	-	-	1	***0.00
9	Sarandhar Singh	79800	0.07	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	79800	0.07

Sr. No.	Shareholders Name / For Each of the Shareholders	Shareholding: No. of Shares at the beginning of the year (01.04.2017)	Shareholding: % of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year: No. of Shares	Cumulative Shareholding during the year: % of Shares of the Company
10	Srinivas Singh	79800	0.07	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	79800	0.07
11	Satish K Singh	21444	0.02	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	21444	0.02
12	Premlata Singh	0	0.00	01.04.2017				
				22.06.2017	1	Market Purchase	1	***0.00
				31.03.2018	-	-	1	***0.00
13	Sarvesh Singh	79800	0.07	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	79800	0.07
14	Annapurna Singh	0	0.00	01.04.2017				
				22.06.2017	1	Market Purchase	1	***0.00
				31.03.2018	-	-	1	***0.00
15	Inderjit Arora	7800	0.01	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	7800	0.01
16	Rekha Singh	3459150	2.89	01.04.2017				
				10.01.2018	2089227	Transmission	1369923	1.15
				11.01.2018	59150	Transmission	1310773	1.10
				24.01.2018	1310773	Transmission	0	0.00
				31.03.2018	-	-	0	0.00
17	Madhurima Singh	2974240	2.49	01.04.2017				
				16.02.2018	10	Market Purchase	2974250	2.49
				31.03.2018	-	-	2974250	2.49
18	Divya Singh	1195650	1.00	01.04.2017				
				28.03.2018	74	Market Purchase	1195724	1.00
				31.03.2018	-	-	1195724	1.00
19	Annirudha Singh	1195650	1.00	01.04.2017				
				28.03.2018	129	Market Purchase	1195779	1.00
				31.03.2018	-	-	1195779	1.00
20	Seema Singh	2937740	2.46	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	2937740	2.46
21	Meghna Singh	1204150	1.01	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	1204150	1.01
22	Shrey Shreeanant Singh	1195650	1.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	1195650	1.00
23	Archana Singh	2394050	2.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	2394050	2.00
24	Sarandhar Singh*	25205800	21.08	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	25205800	21.08

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

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

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For Each of the Shareholders	No. of Shares at the beginning of the year (01.04.2017)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Tushar Kumar[&]	0	0.00	01.04.2017				
				14.08.2017	7070360	Gift received	7070360	5.91
				01.09.2017	463000	Gift received	7533360	6.30
				31.03.2018	-	-	7533360	6.30
2	Jayanti Sinha	7138220	5.97	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	7138220	5.97
3	Nawal Kishore Singh	4311060	3.61	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	4311060	3.61
4	Deepak Kumar Singh	2734605	2.29	01.04.2017				
				16.10.2017	1387494	Shares received through transmission	4122099	3.45
				14.11.2017	693747	Gift given	3428352	2.87
				31.03.2018	-	-	3428352	2.87
5	Kishore Kumar Singh	2729565	2.28	01.04.2017				
				14.11.2017	693747	Gift received	3423312	2.86
				31.03.2018	-	-	3423312	2.86
6	Rajesh Kumar	3305535	2.76	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	3305535	2.76
7	Rajeev Ranjan	3040342	2.54	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	3040342	2.54
8	Lalan Kumar Singh	2711538	2.27	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	2711538	2.27
9	Alok Kumar	1408950	1.18	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	1408950	1.18
10	Ashok Kumar	1403910	1.17	01.04.2017				
				23.06.2017[#]	10	Market Purchase	1403920	1.17
				30.06.2017[#]	30	Market Purchase	1403950	1.17
				31.03.2018			1403950	1.17

[&]Shares held on behalf of Prasid Uno Family Trust.

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

(v) Shareholding of Directors & KMP

Sr. No.	Name of Director / KMP	Shareholding: No. of Shares at the beginning of the year (01.04.2017)	Shareholding: % of the shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year: No. of Shares	Cumulative Shareholding during the year: % of Shares of the Company
1	Samprada Singh	1577190	1.32	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	1577190	1.32
2	Basudeo N. Singh	8479950	7.09	01.04.2017				
				14.06.2017	10000	Market Purchase	8489950	7.10
				20.06.2017	10000	Market Purchase	8499950	7.11
				04.09.2017	5700	Market Purchase	8505650	7.11
				05.09.2017	21300	Market Purchase	8526950	7.13
				11.01.2018	59150	Shares received through transmission	8586100	7.18
				31.03.2018	-	-	8586100	7.18
3	Balmiki Prasad Singh	71595	0.06	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	71595	0.06
4	Dhananjay Kumar Singh	5766260	4.82	01.04.2017				
				10.01.2018	1044613	Shares received through transmission	6810873	5.70
				24.01.2018	655387	Shares received through transmission	7466260	6.24
				31.03.2018	-	-	7466260	6.24
5	Mritunjay Kumar Singh	5806060	4.86	01.04.2017				
				27.06.2017	561	Market Purchase	5806621	4.86
				14.08.2017	216	Market Purchase	5806837	4.86
				22.08.2017	893	Market Purchase	5807730	4.86
				29.08.2017	3482	Market Purchase	5811212	4.86
				30.08.2017	406	Market Purchase	5811618	4.86
				26.09.2017	257	Market Purchase	5811875	4.86
				10.01.2018	1044614	Shares received through transmission	6856489	5.73
				24.01.2018	655386	Shares received through transmission	7511875	6.28
				31.03.2018	-	-	7511875	6.28
6	Sandeep Singh	108867	0.09	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	108867	0.09
7	Mangaldas Chhaganlal Shah**	0	0.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	0	0.00
8	Akhouri Maheshwar Prasad	0	0.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	0	0.00
9	Ranjal Laxmana Shenoy	0	0.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	0	0.00

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2017)	% of the shares of the Company				No. of Shares	% of Shares of the Company
10	Arun Kumar Purwar	0	0.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	0	0.00
11	Sangeeta Singh	0	0.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	0	0.00
12	Sudha Ravi	0	0.00	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	0	0.00
16	Dr. Dheeraj Sharma#			01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	0	0.00
13	Prabhat Agrawal (CEO)&	245	0.00***	01.04.2017				
				-	-	-	-	-
				31.03.2018	-	-	245	0.00***
14	Rajesh Dubey (CFO)	210	0.00***	01.04.2017				
				15.11.2017	-100	Market Sell	110	0.00***
				31.03.2018	-	-	110	0.00***
15	Manish Narang (Company Secretary and Compliance Officer)	163	0.00***	01.04.2017				
				29.05.2017	-55	Market Sell	108	0.00***
				31.03.2018	-	-	108	0.00***

*Shares held on behalf of Samprada & Nanhamati Singh Family Trust.
** Resigned w.e.f. 17.05.2017
***Negligible
#Appointed w.e.f. 26.05.2017
&resigned w.e.f. 31.03.2018

V Indebtedness

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

(₹ in million)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1,080.0	2,602.3	-	3,682.3
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1080.0**	**2,602.3**	**-**	**3,682.3**
Change in Indebtedness during the financial year				
Additions	119,446.5	287,937.2	-	407,383.7
Reduction	(119,419.4)	(286,171.4)	-	(405,590.8)
Net Change	**27.1**	**1,765.8**	**-**	**1,792.9**
Indebtedness at the end of the financial year				
i) Principal Amount	1,107.1	4,368.1	-	5,475.2
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,107.1**	**4,368.1**	**-**	**5,475.2**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in million)

Sl. No	Particulars of Remuneration	Name of the Director					Total
		Mr. Basudeo N. Singh	Mr.Sandeep Singh	Mr. Dhananjay Kumar Singh	Mr.Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh	
1	**Gross salary**						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	83.0	39.5	35.6	28.1	35.6	221.8
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	3.8	2.0	4.5	2.4	1.3	14.0
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	**Stock option**	-	-	-	-	-	-
3	**Sweat Equity**	-	-	-	-	-	-
4	**Commission**						
	as % of profit	42.5	-	-	-	-	42.5
	others, please specify		-	-	-	-	-
5	**Others(Perquisites and Employer Contribution)**	9.2	2.3	1.8	1.2	1.8	16.3
	Total (A)	**138.5**	**43.8**	**41.9**	**31.7**	**38.7**	**294.6**
	Ceiling as per the Act						930.1

B. Remuneration to other directors:

(₹ in million)

Sl. No	Particulars of Remuneration	Akhouri Maheshwar Prasad	Ranjal Laxmana Shenoy	Arun Kumar Purwar	Sudha Ravi	Sangeeta Singh	Dheeraj Sharma	Total
1	**Independent Directors**							
	(a) Fee for attending board and committee meetings	0.2	0.3	0.2	0.2	0.3	0.1	1.3
	(b) Commission	1.5	1.5	1.5	1.5	1.5	1.5	9.0
	(c) Others, please specify	-	-	-	-	-	-	-
	Total (1)	1.7	1.8	1.7	1.7	1.8	1.6	10.3
2	**Other Non Executive Directors**	Mr. Samprada Singh						
	(a) Fee for attending board and committee meetings	-						
	(b) Commission	141.1						
	(c) Others, please specify.	-						
	Total (2)	**141.1**						
	Total (B)=(1+2)	**151.4**						
	Total Managerial Remuneration	**445.9**						
	Overall Ceiling as per the Act.	Sitting fees paid to the Independent Directors was within the ceiling limit as prescribed under the Companies Act, 2013. Commission paid to Non-Executive Directors (including Independent Directors) was within the ceiling limit approved by the Shareholders of the Company i.e. ₹ 186.0 Million (2% of the Net Profits of the Company)						

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

(₹ in million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO: Mr. Prabhat Agrawal	CFO: Mr. Rajesh Dubey	Company Secretary: Mr Manish Narang	
1	**Gross Salary**				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	64.3	27.3	8.8	100.4
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.8	0.8	1.0	3.6
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	**Stock Option**	-	-	-	-
3	**Sweat Equity**	-	-	-	-
4	**Commission**	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	**Others, please specify**	-	-	-	-
	Perquisites and Employer Contribution to PF	1.9	1.2	1.3	4.4
	Performance-linked Incentive Pay	-	-	-	-
	Total	**68.0**	**29.3**	**11.1**	**108.4**

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeall made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding (Managing Director)					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding (Company Secretary)					

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Place: Mumbai
Date: 30th May, 2018

Annexure H

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

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

(A) CONVERSATION OF ENERGY:

(1) Energy Conservation Measures taken:

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

Steps taken for Energy Conservation during financial year 2017-18 are as follows:

1. Centralised Solar Street Light installed at Daman Plant and replaced CFL lights with LED lights across plants for power saving.

2. Installed Variable Frequency Drive (VFD) across Plants for power saving.

3. Replaced Boiler fuel from High Speed Diesel to Furnace Oil at all manufacturing facilities at Sikkim.

4. Water condensate recovery system and Steam Straps installed for reduction in steam consumption.

5. Replacement of Cooling Tower, CT Pump, Pressure Power Packed Pump, Chilled water coil system to save power and fuel consumption.

6. Installed additional Capacitor Bank and Air Heater at Sikkim and Root blower at Mandva to reduce power consumption.

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

Power generation via solar panels for captive consumption at Mandva and Taloja. Centralised Solar Street Light installed at factory peripherals, Daman Plant.

(3) The capital investment on Energy Conservation equipment:

(₹ in million)

Sr. No.	Particulars	Amount
1.	Cooling Tower	1.5
2.	LED Lights	2.0
3.	MEE Cooling Tower Pump	0.3
4.	Dry Vacuum Pump	0.8
5.	Process Pumps	0.3
6.	Root Blower	0.1
7.	Steam Straps	5.0
8.	Installation of Capacitor Bank	0.2
9.	Water Condensate Recovery System	0.1
10.	Solar Street Light	0.7
11.	Variable Frequency Drive	6.5
12.	Boiler in Utility	0.3
13.	Chiller in Utility	0.2
Total		**18.0**

(B) TECHNOLOGY ABSORPTION:

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

i. Development and patenting of new molecular forms and methods of synthesis.

ii. Development of new drug delivery systems.

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

i. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.

ii. Meeting norms of external regulatory agencies to facilitate more exports.

iii. Maximum utilisation of indigenous raw materials.

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

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

(a) The details of technology imported: The Company imported this technology from USA. This equipment is manufactured by Freund Vector and is used for the powder layering on pellets. This technology is useful in achieving drug layering at much faster rate as compared to conventional techniques, which in turn increases production efficiency;

(b) The year of import: 2015-16;

(c) Whether the technology has been fully absorbed: Yes

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

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

(a) The details of technology imported: The Company imported this press to increase process yield and enhance the tablet quality, an innovative new MUPS production method which works on a continuous dosing, blending and compression system. This technology increases the production efficiency and reduces the product quality risks;

(b) The year of import: 2015-16;

(c) Whether the technology has been fully absorbed: Yes

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

(iii) Korsch Compression Machine:

(a) The details of technology imported: Compression Machine which is monolayer as well as bilayer;

(b) The year of import: 2015-16;

(c) Whether the technology has been fully absorbed: Yes

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

(iv) Gea Compression Machine:

(a) The details of technology imported: Gea Compression Machine for infusion of micro tablet into capsule for min tablet of 2.2 mm diameter;

(b) The year of import: 2015-16;

(c) Whether the technology has been fully absorbed: Yes

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

(v) Bio-tech Filling Machine:

(a) The details of technology imported: The Company imported this machine from Italy. This equipment is manufactured by Mar, Italy and is used for filing of bio-tech product in pre-fill syringe and cartridge. It is useful in achieving filing with high accuracy in sterile conditions;

(b) The year of import: 2016-17*;

(c) Whether the technology has been fully absorbed: No

(d) If not, areas where absorption has not taken place and the reasons thereof: The machine is under final installation stage for production.

*Installation process initiated in 2017-18.

(vi) Software Based Material Dispensing System:

(a) The details of technology imported: The Company imported this technology from USA. This equipment is manufactured by Mettler Toledo and is used for dispensing of material. The technology is useful in achieving high accuracy for batch at micro gram level as compared to conventional gram techniques. This has led to higher accuracy across the batches of the same product;

(b) The year of import: 2017-18;

(c) Whether the technology has been fully absorbed: Yes

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

(vii) Microfluidiser - M7125:

(a) The details of technology imported: The Company imported this machinery from Canada. It is manufactured by IDEX Microfluidix and is used for the suspension and particle size reduction at fine micro-level for liquid oral. This technology is useful in achieving suspension homogenising mixing of particles at much faster rate as compared to conventional liquid particle reduction technique, which in turn increases the product efficiency and yield;

(b) The year of import: 2017-18;

(c) Whether the technology has been fully absorbed: Yes

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

(viii) Form Fill Seal Machine Model: TYPE 360

(a) The details of technology imported: The Company imported this technology from Switzerland, Europe. This equipment is manufactured by M/S Rommelag, AG and is used for the storage and handling of intravenous fluid. The technology is useful in achieving higher rate of sterile accuracy in closed pack.

(b) The year of import: 2017-18;

(c) Whether the technology has been fully absorbed: Yes

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

4. Expenditure on R & D:

(₹ In Million)

Sr. No.	Particulars	2017-18	2016-17
(i)	Capital	188.5	265.6
(ii)	Recurring	3,008.6 (excluding depreciation of ₹ 133.9 Million)	2,763.0 (excluding depreciation of ₹ 123.6 Million)
Total		**3197.2**	**3028.6**
Total R & D expenditure as percentage to total turnover		6.03%	6.49%

(C) FOREIGN EXCHANGE EARNING AND OUTGO:

(₹ In Million)

	2017-18	2016-17
Foreign Exchange earned	11,258.8	8,410.0
Foreign Exchange used	2,102.5	1,903.2

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Place: Mumbai
Date: 30th May, 2018

Corporate Governance Report

(1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to good Corporate Governance and believes that it is essential for achieving long-term corporate goals and to enhance stakeholders' value. The Company respects the rights of its shareholders to obtain information on the performance of the Company. The Company believes that best board practices, transparent disclosures and shareholder empowerment are necessary to maximise the long term value to the shareholders of the Company and to ensure that all stakeholders' interests are protected. The Company places great emphasis on principles such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all stakeholders and society in general. The Compliance Report on Corporate Governance herein signifies adherence by the Company of all mandatory requirements of Regulation 34(3) and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

(2) BOARD OF DIRECTORS

The Board has a balanced mix of Executive and Non-Executive Directors with two Independent women Directors having rich experience and expertise.

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

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

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

#Resigned w.e.f. 17th May, 2017
*Appointed w.e.f. 26th May, 2017

Shareholding of Non-Executive Directors

As on 31st March, 2018, Mr. Samprada Singh, Chairman Emeritus and Non-Executive Director held 15,77,190 Equity Shares in the share capital of the Company. None of the other Non-Executive Directors held any Equity Shares of the Company as on 31st March, 2018.

As required under Schedule IV of the Act, the Company has issued formal letters of appointment to the Independent Directors. The terms & conditions of the appointment of Independent Directors are posted pursuant to Regulation 46(2)(b) of the SEBI LODR Regulations, on the Company's website and can be accessed at https://alkemlabs.com/admin/Photos/Policies/996508366Terms_of_appointment-Independent_directors.pdf.

Board Meetings

Five Board Meetings were held during the year. The dates on which the Meetings were held during the year ended 31st March, 2018 are as follows:

26th May, 2017, 11th August, 2017, 17th October, 2017, 10th November, 2017 and 9th February, 2018.

In accordance with the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI LODR Regulations, a separate meeting of the Independent Directors of the Company was held on 7th November, 2017 to review the performance of Non-Independent Directors (including the Chairpersons) and the Board as a whole. The Independent Directors also assessed the quality, quantity and timeliness of the flow of information between the Management and the Board, necessary for the Board to effectively and reasonably perform its duties.

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

Name of Director	Attendance Particulars for the year ended 31st March, 2018			*No. of other Directorships and Committee Memberships / Chairmanships as of 31st March, 2018		
	Number of Board Meetings held during the director's tenure	Number of Board Meetings attended	Last AGM held on 8th September, 2017	Other Directorships	Committee Memberships#	Committee Chairmanships#
Mr. Samprada Singh	5	4	Yes	0	0	0
Mr. Basudeo N. Singh	5	5	Yes	1	0	0
Mr. Sandeep Singh	5	3	Yes	1	1	0
Mr. Dhananjay Kumar Singh	5	4	Yes	0	0	0
Mr. Balmiki Prasad Singh	5	3	Yes	0	0	0
Mr. Mritunjay Kumar Singh	5	5	Yes	1	1	0
Mr. Akhouri Maheshwar Prasad	5	4	Yes	1	1	0
Mr. Ranjal Laxmana Shenoy	5	5	Yes	3	4	1
Mr. Arun Kumar Purwar	5	5	Yes	9	6	4
Ms. Sangeeta Singh	5	5	Yes	5	4	0
Ms. Sudha Ravi	5	4	Yes	3	3	1
Dr. Dheeraj Sharma	5	5	Yes	1	1	0

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

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

Familiarisation Programme

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. At Board and Committee Meetings, the Independent Directors are on regular basis familiarised with the business model, regulatory environment in which Company operates, strategy, operations, functions, policies and procedures of the Company and its subsidiaries so that they are able to play a meaningful role in the overall governance processes of the Company. Independent Directors were invited for a visit to manufacturing facility of the Company where they were briefed about the operations, R&D and quality control processes in the Company. The details of the Familiarisation Programmes imparted by the Company to the Independent Directors during the financial year have been uploaded on the Company's website, the web link for which is https://alkemlabs.com/corporate-governance

(3) CODE OF CONDUCT

All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to that effect, signed by the Managing Director has been annexed to the Corporate Governance Report. The Code of Conduct has been posted on the website of the Company, the web link for which is https://alkemlabs.com/admin/Photos/Policies/824596594993521810CODE_OF_BUSINESS_CONDUCT_AND_ETHICS_FOR_SENIOR_MANAGEMENT.pdf

(4) CODE FOR PREVENTION OF INSIDER TRADING

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

(5) AUDIT COMMITTEE

The present constitution of the Audit Committee of the Company is as follows:

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

*Member from 10th November, 2017.

Mr. Manish Narang, President – Legal, Company Secretary and Compliance Officer is the secretary of the Audit Committee.

Brief Terms of reference of the Audit Committee:

1. Oversight of the company's financial reporting process, examination of the financial statements and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

2. Recommendation for appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;

3. Review and monitor the auditor's independence and performance and effectiveness of audit process;

4. Approval of payment to statutory auditors for any other services rendered by them;

5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

   i. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

   ii. Changes, if any, in accounting policies and practices and reasons for the same;

   iii. Major accounting entries involving estimates based on exercise of judgment by the management;

   iv. Significant adjustments made in the financial statements arising out of audit findings;

   v. Compliance with listing and other legal requirements relating to financial statements;

   vi. Disclosure of any related party transactions; and

   vii. Modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

10. Discussion with internal auditors of any significant findings and follow up actions there on;

11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

13. To review the functioning of the whistle blower mechanism;

14. Approval of appointment of the Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate;

15. Approval or any subsequent modification of transactions of the company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

16. Scrutiny of inter-corporate loans and investments;

17. Valuation of undertakings or assets of the company, wherever it is necessary;

18. Evaluation of internal financial controls and risk management systems;

19. To provide recommendation to the Board of Directors of the Company for declaration of Interim Dividend to be paid to the shareholders of the Company;

The Audit Committee mandatorily reviews the following:

1. Management's discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the chief internal auditor;

6. Statement of deviations:

    (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI LODR Regulations.

    (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of SEBI LODR Regulations.

Audit Committee Meetings

Audit Committee Meetings are held at least four times a year and the time-gap between two meetings is not more than 120 days, which is in compliance with Regulation 18(2) of the SEBI LODR Regulations. During the year, six Audit Committee Meetings were held, viz. on 25th May, 2017, 10th August, 2017, 9th November, 2017, 8th February, 2018, 1st March, 2018 and 28th March, 2018 and the attendance of Members at which, was as follows:

Sr No.	Name of the Member	No. of Meetings held during the member's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	6	6
b.	Ms. Sudha Ravi	6	6
c.	Mr. Mritunjay Kumar Singh	6	6
d.	Ms. Sangeeta Singh	6	5
e.	Mr. Sandeep Singh	3	2

(6) NOMINATION AND REMUNERATION COMMITTEE

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

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

Brief Terms of reference of the Nomination and Remuneration Committee:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

(e) Determining whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors;

(f) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(g) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Nomination and Remuneration Committee Meetings

During the year, Nomination and Remuneration Committee met three times on 25th May, 2017, 17th October, 2017 and 7th November, 2017, and the attendance of the Members was as under:

Sr No.	Name of the Member	No. of meetings held during the member's tenure	No. of Meetings Attended
a.	Mr. Arun Kumar Purwar	3	3
b.	Mr. Akhouri Maheshwar Prasad	3	2
c.	Mr. Basudeo N. Singh	3	3
d.	Ms. Sangeeta Singh	3	3

Evaluation of Performance of Board, Committees and Directors

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

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

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

The Chairpersons of the Company were assessed by the Independent Directors on the basis of their contribution in the growth of the Company by their strategic directions on the expansion, diversification and business plans as well as successful execution of business plans and managing the relationship with the members of the Board and management.

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

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

Based on the evaluation, Company expects the Board and the Directors evaluated to continue to play a constructive and meaningful role in creating value for all the stakeholders in the ensuing years.

(7) REMUNERATION OF DIRECTORS

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

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The details of remuneration paid to Non-Executive Directors for the financial year 2017-18 are as under:

(₹ in Million)

Name	Sitting Fees	Commission	Other Perquisites	Total
Mr. Samprada Singh	-	141.1	-	141.1
Mr. Ranjal Laxmana Shenoy	0.3	1.5	-	1.8
Mr. Arun Kumar Purwar	0.2	1.5	-	1.7
Mr. Akhouri Maheshwar Prasad	0.2	1.5	-	1.7
Ms. Sudha Ravi	0.2	1.5	-	1.7
Ms. Sangeeta Singh	0.3	1.5	-	1.8
Dr. Dheeraj Sharma	0.1	1.5	-	1.6

- The Commission payable to the Non-Executive Directors is decided by the Board of Directors of the Company within the limits stipulated by the Special Resolution passed at the Extra Ordinary General Meeting of the Members held on 16th March, 2015.

- Except reimbursement of expenses, dividend on Equity Shares held, if any, by the Non-Executive Directors, and the amount of sitting fees and commission as stated above, no other payments have been made or transactions of a pecuniary nature have been entered into by the Company with the Non-Executive Directors.

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

The NEDs play a crucial role to the independent functioning of the Board. NEDs bring in external and wider perspective to the decision-making by the Board. They provide leadership and strategic guidance, while maintaining objective judgment. The NEDs also help the Company in ensuring that all legal requirements and corporate governance are complied with and well taken care of.

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

Remuneration to the NEDs:

Sitting fees

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

Commission

Pursuant to the resolution passed by the shareholders of the Company on 16th March, 2015, the Board of Directors is authorised to pay commission to the NEDs and Independent Directors subject to a maximum limit of 2% of the net profits of the Company for each financial year. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive/ Independent Directors based on their attendance and contribution to the Board and Committee Meetings as well as time spent on operational matters other than at meetings.

Apart from sitting fees and commission referred to above and reimbursement of travelling and stay expenses for their attending the Board and Committee Meetings, no payment by way of bonus, pension, incentives etc. is made to any of the NEDs.

(c) Details of Remuneration to Executive Directors:

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

Details of remuneration paid to the Executive Directors during the financial year 2017-18 are as follows:

(₹ in Million)

Terms of Remuneration	Name of Directors				
	Mr. Basudeo N. Singh	Mr. Sandeep Singh	Mr. Dhananjay Kumar Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh
Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	83.0	39.5	35.6	28.1	35.6
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	3.8	2.0	4.5	2.4	1.3
Commission	42.5	-	-	-	-
Others (Perquisites and Employer Contribution)	9.2	2.3	1.8	1.2	1.8
Performance Linked Incentive	-	-	-	-	-
TOTAL	**138.5**	**43.8**	**41.9**	**31.7**	**38.7**

Service Contracts, Severance Fees and Notice Period

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

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

Employee Stock Option Scheme

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

(8) STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Name of the Director	Designation in the committee
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Mangaldas Chhaganlal Shah#	Member
Mr. Sandeep Singh$	Member
Mr. Akhouri Maheshwar Prasad*	Member
Mr. Mritunjay Kumar Singh%	Member

#Member upto 17th May, 2017
$Member upto 30th May, 2018
*Member from 26th May, 2017
%Member from 30th May, 2018

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

Terms of reference of Stakeholders' Relationship Committee

(a) Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends, Annual Reports of the Company or any other documents or information to be sent by the Company to its shareholders etc.

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and rematerialisation of shares, split and issue of duplicate/consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;

(d) Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, and other related matters as may be assigned by the board of directors; and

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

Stakeholders' Relationship Committee Meetings

During the year, Stakeholders' Relationship Committee met four times on 15th May, 2017, 10th August, 2017, 9th November, 2017 and 8th February, 2018 and the attendance of the Members was as under:

Sr No.	Name of the Member	No. of meetings held during member's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	4	4
b.	Mr. Dhananjay Kumar Singh	4	4
c.	Mr. Sandeep Singh	4	4
d.	Mr. Mangaldas Chhaganlal Shah#	1	0
e.	Mr. Akhouri Maheshwar Prasad*	3	3

#Member upto 17th May, 2017
*Member from 26th May, 2017

Investor Complaints

There were no complaints remaining unresolved during the beginning of financial year 2017-18. During the financial year ended 31st March, 2018, 6 complaints were received from investors and all the complaints were attended/resolved.

(9) RISK MANAGEMENT COMMITTEE

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

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

* Member w.e.f. 26th May, 2017

Terms of reference of Risk Management Committee

(a) Laying down risk assessment and minimisation procedures and the procedures to inform Board of the same;

(b) Framing, implementing, reviewing and monitoring the risk management plan for the Company; and

(c) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

Risk Management Committee Meetings

During the year, Risk Management Committee met twice on 15th May, 2017 and 10th August, 2017 and the attendance of the Members was as under:

Sr No.	Name of the Member	No. of Meetings held during the member's tenure	No. of Meetings Attended
a.	Mr. Dhananjay Kumar Singh	2	2
b.	Mr. Sandeep Singh	2	2
c.	Mr. Mritunjay Kumar Singh	2	2
d.	Ms. Sudha Ravi	1	1
e.	Dr. Dheeraj Sharma	1	0

(10) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

* Member upto 30th May, 2018
#Member from 30th May, 2018

Brief Terms of reference of the Corporate Social Responsibility Committee:

1. Formulate and recommend to the Board of Directors, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

2. Review and recommend the amount of expenditures to be incurred on the activities to be undertaken by the Company;

3. Monitor the Corporate Social Responsibility policy of the Company from time to time;

4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after the approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Corporate Social Responsibility Committee Meetings

During the year, Corporate Social Responsibility Committee met four times on 15th May, 2017, 9th November, 2017, 8th February, 2018 and 9th March, 2018 and the attendance of the Members was as under:

Sr No.	Name of the Member	No. of Meetings held during the member's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	4	4
b.	Mr. Dhananjay Kumar Singh	4	4
c.	Mr. Sandeep Singh	4	3
d.	Mr. Balmiki Prasad Singh	4	2

(11) GENERAL BODY MEETINGS

(i) Location and time of the last three Annual General Meetings (AGM) held are as follows:

Year	Meeting	Location	Date	Time	Special Resolutions passed
2014-15	41st AGM	Mayfair Banquets, 254-C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	13th July, 2015	12.00 noon	Adoption of new set of Articles of Association of the Company.
2015-16	42nd AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	2nd September, 2016	10.30 a.m.	1. Approval for maintenance of the Register of Members at a place other than Registered Office of the Company. 2. Approval for increase in remuneration of Mr. Basudeo N. Singh, Executive Chairman of the Company.
2016-17	43rd AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	8th September, 2017	10.30 a.m.	NIL

(ii) Extraordinary General Meeting (EGM)

No Extraordinary General Meeting was held during the financial year.

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

During the financial year 2017-18, the Company passed a Special Resolution for Alteration of the Articles of Association of the Company through postal ballot on Saturday, 20th May, 2017. No special resolution is proposed to be passed through postal ballot till the date of ensuing AGM to be held on 31st August, 2018.

Person Conducting the Postal Ballot Exercise

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

Procedure followed for Postal Ballot

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

2. The Company dispatched the postal ballot notice dated 29th March, 2017, containing the draft resolution together with the explanatory statement, postal ballot forms and self-addressed business reply envelopes to the members whose names appeared in the register of members/list of beneficiaries as on cut-off date i.e. Thursday, 13th April, 2017. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.

3. The members who opted for the e-voting could vote from Friday, 21st April, 2017 at 9.00 am to Saturday, 20th May, 2017 at 5.00 pm. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutiniser on or before the close of business hours on Saturday, 20th May, 2017.

4. The Scrutiniser submitted his report on Monday, 22nd May, 2017, after the completion of scrutiny.

5. The result of the postal ballot was declared on Monday, 22nd May, 2017. The Resolution passed by requisite majority, was deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting i.e. Saturday, 20th May, 2017.

6. The result of the postal ballot is available on the website of the Company at www.alkemlabs.com, besides being communicated to Stock Exchanges, Depository and Registrar and Share Transfer Agent.

Details of Voting Pattern

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

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

* negligible

(12) MEANS OF COMMUNICATION

The Company, from time to time and as may be required, communicates with its shareholders and investors through multiple channels of communications such as dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website.

(i) Financial Results and Statements: The unaudited quarterly results are announced within forty five days from the end of the quarter. The audited annual results are announced within sixty days from the closure of financial year as required under SEBI LODR Regulations. The aforesaid financial results are communicated to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these were considered and approved. The results are generally published in Business Standard, national daily newspaper and in Mumbai Lakshadweep, which is a regional (Marathi) daily newspaper.

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

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

(ii) Presentations, Press Releases: The presentations on the performance of the Company and press releases are placed on the Company's website immediately after these are communicated to the Stock Exchanges for the benefit of the Institutional Investors and analysts and other shareholders.

(iii) Material Information: The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI LODR Regulations including material information having a bearing on the performance / operations of the listed entity or other price sensitive information.

(iv) Online filing: All information is filed electronically on BSE's online Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), on-line portal of The National Stock Exchange of India Limited.

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

(13) GENERAL SHAREHOLDER INFORMATION

(a) The 44th Annual General Meeting of the Members of the Company will be held on Friday, 31st August, 2018 at 10.30 A.M. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.

(b) Financial year: 1st April, 2017 to 31st March, 2018.

(c) Dividend payment date

Final dividend for the financial year 2016-17 was paid during financial year 2017-18 on and from 11th September, 2017.

Interim dividend for the financial year 2017-18 was paid on and from 23rd February, 2018.

Record date for the purpose of payment of final dividend for the financial year ended 31st March, 2018 shall be 24th August, 2018.

Final dividend on equity shares as recommended by the Directors for the year ended 31st March, 2018, if approved at the Annual General Meeting, will be paid on and from 4th September, 2018.

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

Year	Dividend	Date of Declaration	Due for transfer to IEPF
2015-16	Second Interim	09.03.2016	14.04.2023
2016-17	Interim	11.11.2016	13.12.2023
2016-17	Final	08.09.2017	13.10.2024
2017-18	Interim	09.02.2018	13.03.2025

(e) Listing on Stock Exchanges

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

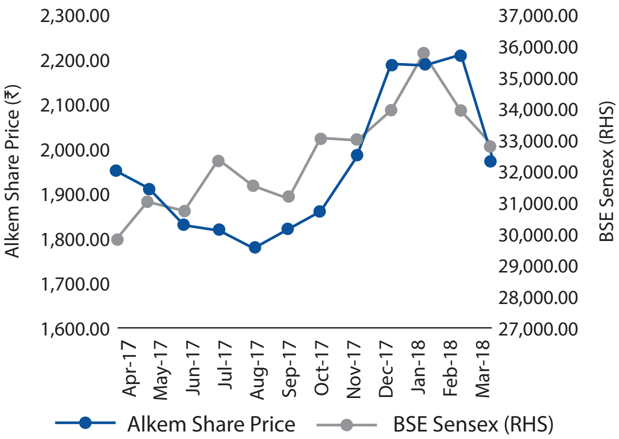
Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialised shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	INE540L01014
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai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

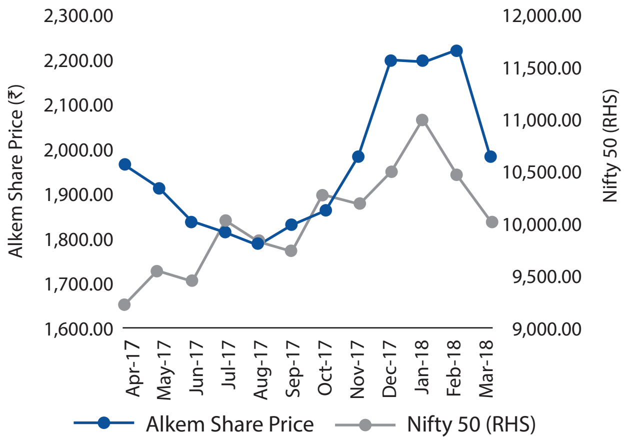
(f) Market Price data

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of Shares Traded	High Price (₹)	Low Price (₹)	Number of Shares Traded
April 2017	2,238.00	1,900.85	74,170	2,400.00	1,897.00	5,50,231
May 2017	2,014.80	1,800.50	63,428	2,018.95	1,809.00	6,58,380
June 2017	1,984.50	1,805.00	53,750	1,990.00	1,800.00	4,75,032
July 2017	1,868.70	1,725.60	1,70,245	1,860.00	1,718.00	5,99,949
August 2017	1,895.00	1,578.00	59,005	1,894.55	1,578.30	8,33,654
September 2017	1,915.85	1,745.00	1,44,039	1,913.00	1,734.00	8,17,173
October 2017	1,914.00	1,800.00	3,41,616	1,919.80	1,810.00	4,51,584
November 2017	2,135.00	1,866.00	91,508	2,078.90	1,864.45	5,88,831
December 2017	2,250.00	1,960.00	3,83,607	2,237.00	1,964.15	8,04,709
January 2018	2,468.00	2,150.00	67,715	2,469.00	2,168.85	9,61,216
February 2018	2,243.00	1,956.05	35,283	2,244.70	2,022.00	3,81,865
March 2018	2,272.00	1,856.60	3,78,628	2,272.50	1,850.05	8,14,026

(g) Performance in comparison to broad based indices

Month	BSE		NSE	
	Alkem share price (₹)	S&P BSE Sensex	Alkem share price (₹)	Nifty 50
April 2017	1,964.90	29,918.40	1,971.40	9,304.05
May 2017	1,923.35	31,145.80	1,931.50	9,621.25
June 2017	1,847.55	30,921.61	1,855.60	9,520.90
July 2017	1,822.55	32,514.94	1,832.00	10,077.10
August 2017	1,793.70	31,730.49	1,800.35	9,917.90
September 2017	1,828.15	31,283.72	1,840.75	9,788.60
October 2017	1,866.10	33,213.13	1,873.80	10,335.30
November 2017	1,991.95	33,149.35	1,987.10	10,226.55
December 2017	2,202.00	34,056.83	2,201.90	10,530.70
January 2018	2,198.40	35,965.02	2,198.75	11,027.70
February 2018	2,221.00	34,184.04	2,226.30	10,492.85
March 2018	1,977.00	32,968.68	1,988.35	10,113.70





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

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

(i) Share Transfer System

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

(j) Distribution of shareholding

Distribution of shareholding as on 31st March, 2018

SHAREHOLDING OF NOMINAL SHARES	NO. OF FOLIOS	% OF TOTAL	TOTAL NO. OF SHARES	% OF TOTAL
1-1000	68877	99.11	2401541	2.01
1001-2000	297	0.43	211189	0.18
2001-4000	113	0.16	162993	0.14
4001-6000	37	0.05	88789	0.07
6001-8000	21	0.03	74243	0.06
8001-10000	8	0.02	35275	0.03
10001-20000	28	0.04	199106	0.17
Above 20000	112	0.16	116391864	97.34
Total	**69493**	**100.00**	**119565000**	**100.00**
Physical Mode	**1**	**0.00***	**1**	**0.00***
Electronic Mode	**69492**	**99.99**	**119564999**	**99.99**

* Negligible

Shareholding Pattern as on 31st March, 2018

Category	Total Shares	Total Percent
Clearing Members	25965	0.03
Other Bodies Corporate	1828672	1.53
Financial Institutions	104775	0.09
Hindu Undivided Family	183045	0.15
Mutual Funds	3465569	2.90
Nationalised Banks	3	0.00*
Non Nationalised Banks	1475	0.00*
Foreign Nationals	246	0.00*
Non Resident Indians	82268	0.07
Non Resident (Non Repatriable)	35874	0.03
Public	30390307	25.42
Promoters	78743333	65.86
Trusts	2867	0.00*
Foreign Portfolio Investors (Corporate)	4308479	3.61
Alternate Investment Funds	392122	0.31
TOTAL	**119565000**	**100**

* Negligible

(k) Dematerialisation of shares and liquidity

About 99.99% of the Equity Shares of the Company have been de-materialised up to 31st March, 2018.

(l) Reconciliation of Share Capital Audit

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

(m) The Company has not issued any Global Depository Receipts (GDR) or American Depository Receipts (ADR) or Warrants or any convertible instruments. Hence, as on 31st March, 2018, Company does not have any GDRs/ADRs/Warrants or Convertible Instruments.

(n) Foreign Currency Hedging Activities

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

(o) Plant locations

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

(p) Address for correspondence

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

Communication by E-mail:

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

(14) DISCLOSURES

(a) Related Party Transactions

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

(b) Strictures and Penalties

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

(c) Whistle Blower Policy

The Company requires its Officers and Employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. For this purpose the Board of Directors of the Company has adopted "Whistle Blower Policy" to encourage and enable employees and volunteers of the Company to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy and to build and strengthen a culture of transparency and trust within the organisation. The person making a report of the violation can keep his/her identity anonymous and choose to submit the violation report on a confidential basis. If an individual reasonably believes that a violation has occurred, the individual is encouraged to share his or her questions, concerns, suggestion or complaints to person designated by the Company. Specific telephone number and email ID is mentioned in the Whistle Blower policy. In addition to the above, under exceptional circumstances a complainant can complain directly to the Chairman of the Audit Committee. No personnel of the Company has been denied access to either the Designated Person or to the Audit Committee. The Whistle blower policy has been placed on the Company's website and can be accessed through https://alkemlabs.com/admin/Photos/Policies/8503638853592Whistle_Blower_Policy.pdf

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

(e) The Company has formulated Risk Management

Plan and all the directors are informed about risk assessment and minimisation procedures.

(f) Subsidiary Companies

The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through weblink https://alkemlabs.com/admin/Photos/Policies/10872844231706572046Policy_on_Material_Subsidiary.pdf

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

(15) COMPLIANCE WITH DISCRETIONARY REQUIREMENTS

i. Chairman Emeritus maintains chairperson's office at the Company's expense.

ii. Half yearly and quarterly financial statements are published in the newspapers and are also posted on the company's web site.

iii. The Company's financial statement for the financial year ended 31st March, 2018 does not contain any modified audit opinion.

iv. Position of Chairman and Managing Director are separate.

v. Internal Auditor directly reports to the Audit Committee.

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

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

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Place: Mumbai
Date: 30th May 2018

To
The Board of Directors
Alkem Laboratories Limited
Alkem House,
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400 013.

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Regulation 26(3) and Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Directors and the Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics as on 31st March, 2018.

For Alkem Laboratories Limited

Sandeep Singh
Managing Director

Date: 30th May, 2018
Place: Mumbai

COMPLIANCE CERTIFICATE

[under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

A. We have reviewed Standalone and Consolidated Audited Financial Statements/Results and the cash flow statement of Alkem Laboratories Limited ("the Company") for the financial year ended 31st March, 2018 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2018 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

   1) significant changes in internal control over financial reporting during the financial year ended 31st March, 2018;

   2) significant changes in accounting policies during the financial year ended 31st March, 2018 and that the same have been disclosed in the notes to the financial statements; and

   3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Yours faithfully

Sandeep Singh
Managing Director

Rajesh Dubey
President Finance & Chief Financial Officer

Date: 30th May, 2018
Place: Mumbai

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

To the Members of
Alkem Laboratories Limited

1. This certificate is issued in accordance with the terms of our agreement dated 10 October 2017.

2. This report contains details of compliance of conditions of corporate governance by Alkem Laboratories Limited ('the Company') for the year ended 31 March 2018 as stipulated in regulations 17-27, clause (b) to (i) of regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

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

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

AUDITORS' RESPONSIBILITY

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2018.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Listing regulations, as applicable.

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

RESTRICTION ON USE

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

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

Sadashiv Shetty
Partner
Membership No. 048648

30 May 2018
Mumbai

Business Responsibility Report

INTRODUCTION

At Alkem, we ensure that business is conducted ethically and responsibly at all times by way of focusing on the core economic, environmental and social aspects that are integral to supporting and growing our Company in the long-run. We continuously endeavor to optimise our business performance to make a positive contribution to sustainable development and to create shared value for all stakeholders of the Company.

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1 **Corporate Identity Number (CIN) of the Company:**

L00305MH1973PLC174201

2 **Name of the Company:**

Alkem Laboratories Limited

3 **Registered address:**

"Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Tel: +91 22 3982 9999

4 **Website:** www.alkemlabs.com

5 **E-mail id:** investors@alkem.com

6 **Financial Year reported:** 2017-18

7 **Sector(s) that the Company is engaged in (industrial activity code-wise):** Pharmaceutical products, NIC Code - 210

8 **Three key products/services that the Company manufactures/provides (as in balance sheet):** The Company's three key products are:

1 Clavam
2 PAN
3 PAN D

9 **Total number of locations where business activity is undertaken by the Company**

Number of International Locations (Provide details of major 5): The Company has strong foothold in the PAN India domestic markets and presence in 50 international markets. The Company's manufacturing footprints are present at total of 16 manufacturing facilities including 14 in India and 2 in the USA.

The major five locations involved in the sales operations overseas are;

USA, Australia, Chile, United Kingdom and Germany.

10 **Markets served by the Company – Local/State/National/International**

We serve both National as well as International markets. Apart from our strong foothold in the domestic market, we also have presence in more than 50 countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1 **Paid up Capital (₹)** – 239.1 Million

2 **Total Turnover (₹)** – 53,002.6 Million

3 **Total profit after taxes (₹)** – 7,158.4 Million

4 **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)** – ₹ 106.3 Million i.e. 1.5 % of profit after tax for the financial year 2017-18.

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

Education: Construction and renovation of various schools in rural areas and promoting vedic study among the students. Supporting education for tribal and other underprivileged students in rural areas of Assam and Punjab.

Healthcare & Sanitation: Free checkup camps, awareness programs, Cochlear Implant, Spine Surgeries and other healthcare related activities in partnership with different NGOs. The Company also runs its own healthcare centres in the areas in and around Sikkim and Baddi where Company has its manufacturing facilities. The Company has constructed public toilets and bathroom and provided drinking water facility to rural areas around its manufacturing facilities.

Environment: Tree Plantation in Jehanabad and Nalanda (Bihar); and installation of solar street lights in rural areas of Mandva (Gujarat). Water retention project in villages of Parli, Beed District.

Vocational Training/Skills: Stitching training provided to women at Baddi and Mandva.

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

SECTION C: OTHER DETAILS

1 Does the Company have any Subsidiary Company/ Companies?

Yes, the Company has subsidiaries and details of the same can be found in the Annexure B to the Directors' Report.

2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

The Company has undertaken BR initiatives independently. Currently, only one subsidiary viz., Indchemie Health Specialties Private Limited participates in BR initiative through its own CSR Activities.

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

No. Other entities do not take part in the Company's BR initiatives. The Company's code of Ethics for Suppliers, Vendors and Other Stakeholders specifies its expectations from business partners on various environmental and social norms.

SECTION D: BR INFORMATION

1 Details of Director/Directors responsible for BR

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

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

b) Details of the BR head

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

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

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

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

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

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

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

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

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

3 Governance related to BR

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

  The Board of Directors review the BR performance of the Company. However, Board meets once in a quarter minimum and important aspects of the BR i.e. CSR, stakeholders complaints are deliberated by the Board.

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

  The Company publishes Business Responsibility Report annually along with the Annual Report.

  The Company's Business Responsibility Reports can be viewed at https://www.alkemlabs.com/annual-reports.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

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

Yes. The Company has in place, the 'Code of Ethics for Employees' and 'Code of Business Conduct and Ethics for Directors and Senior Management' to promote highest standard of ethical conduct in all of its business activities. The Company also has in place separate Code of Ethics for its Suppliers, Vendors and other Stakeholders and it encourages them to follow ethical practices throughout their respective operations.

Through policies like Whistle Blower and Prevention of Sexual Harassment of Employees, the Company has laid down the rules and procedures, through which the employees of the Company can report any actual or suspected illegal or fraudulent actions or wrongdoings. The complaints received under the aforesaid policies are dealt with by the Company as per the procedures provided under the respective policies.

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

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

No complaint was received under Whistle Blower Policy or directly from stakeholders during the financial year 2017-18, except for the consumer cases specified under Principle 9.

Principle 2

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

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

i Zupiros (Rosuvastatin) for reducing Cholesterol and control of dyslipidemia one of the rising concerns.

ii. Donep (Donepezil) for the treatment of Alzheimer's disease a chronic progressive neurological disease characterised by dementia.

iii. Pan (Pantoprazole) an Anti-Ulcer Drug for treatment of hyperacidity and other acid peptic disorders.

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

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

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

The Company is engaged in mass production of a wide array of pharmaceutical and nutraceutical products. It is more appropriate to measure resource consumption on the basis of product-wise batches manufactured, rather than individual units as it is difficult to quantify the value of such reduction.

Considering the fact that the production levels have gone up as compared to the previous year, the consumption of resources too had increased, though not at same proportion as the resources consumption per unit depends upon product mix.

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

Yes. The Company has in place, standard operating procedures related to green procurement through which the Company endeavors to strengthen its procurement processes of energy, water, raw materials, packaging material, and finished goods keeping in view the applicable regulatory compliance.

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

The Company utilises organic/bio fuels in its manufacturing facilities viz. wood and briquettes which make up for 80% of our inputs for production related utility requirements. These fuels are procured from farmers in the vicinity of Company's manufacturing facilities who generate it through their farming activities. The Company operates in regulated industry and therefore, it is necessary to have quality assurance of resources procured from outside vendors for which the Company conducts initial and regular periodic audits for qualification as well as re-qualification of the vendors. The Company endeavors to engage with MSME registered vendors wherever possible. Though the Company has continuing business relationship with approved regular vendors, the Company believes in having alternate vendors in areas where having single vendors would impact Company's business adversely.

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

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

The Company ensures that no waste/rejected/expired batch materials are returned to the production process considering the kind of industry in which it operates. The Company also takes extreme care to ensure that the waste generated is sent through proper channels for incineration as these are mostly bio-medical and hazardous waste and requires appropriate disposal mechanisms.

The Company has in place, proper systems to re-cycle the waste water generated in the manufacturing facilities. After treating the waste-water generated, it is re-used for multiple purposes like gardening and cleaning, within factory premises which help in reducing the consumption of water. The Company has also initiated "Zero discharge" project at API plant in Mandava and has set-up Sewage Treatment Plant at R&D Centre, Taloja.

Principle 3

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

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

As on 31st March, 2018, there were 13,270 employees in the Company.

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

We had 2,766 employees hired on temporary/contractual/casual basis as on 31st March, 2018.

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

We had 457 women employees as on 31st March, 2018.

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

As on 31st March, 2018, we do not have any employees with disabilities.

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

There are no employee associations in the organisation.

6 **What percentage of your permanent employees is members of this recognised employee association?**

This is not applicable.

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

S. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of this financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	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?**

During the year 2017-18, the Company has undertaken various training programmes for its employees to promote professional development and skill upgradation of the employees. The Company on boarded 1900 new employees under the Capsule Induction Program, covered 1500 employees under the Basic Training Programs and 800 employees under the Management Development Program in Domestic Sales.

In Manufacturing we had more than 500 employees undergoing GMP, Technical and SOP trainings making them equipped with the right skills to enable them to perform effectively.

"7 habits of highly successful people" training was also conducted for our Manufacturing and R&D employees.

Accelerated Learning Techniques was applied across programs for maximising the retention of learning which was evident by improvement in test scores and qualitative improvement.

The Company launched ALKEPEDIA - Alkem's Platform for Education Development and Information Access. It is a new age app to enable our salesforce to enhance their product knowledge and selling skills anytime anywhere.

Category	Skill upgradation training	Safety training
Permanent Employees	68%	20%
Permanent Women Employees	24%	23%
Casual/ Temporary/ Contractual Employees	6%	43%

Principle 4

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE, AND MARGINALISED.

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

Yes. The Company has identified and mapped the internal and external stakeholders.

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

The Company undertakes engagement with stakeholders by identifying and classifying them and thereafter designing its CSR programmes to serve the target disadvantaged, vulnerable and marginalised stakeholders. The Company identifies those stakeholders who are less-fortunate than others and who require more support.

Stakeholder	Areas of concern addressed
Women	Provided stitching training to ladies at Baddi and Mandva and organised free breast cancer detection camps at Mumbai.
Patients	Sponsored spine surgery for underprivileged patients in Mumbai and free health checkup for dementia patients in Hyderabad and Mumbai.
Children	Sponsored Cochlear implants for deaf children and provided hearing device to them and provided healthcare facilities to premature babies belonging to underprivileged families in Mumbai.
Villagers/ Communities	Provided facilities for quality drinking water and Construction of public toilets, bathrooms and sanitation facilities in Sikkim, Raigad and Mandva; provided healthcare facilities in Primary Healthcare Centres at Baddi and Sikkim. Installed solar LED street lights at Mandva.
Students	Sponsored construction of classrooms for Bhakti Vedanta at ISKCON (Kharghar, Maharashtra). Renovated Government schools, provided infrastructure and also facilitated good quality drinking water and clean bathrooms in Baddi, Sikkim, Mandva and Daman. Supporting education for students in rural areas of Assam and Punjab. Construction of water tank at Government Industrial Training Institute, Sikkim.
NGO's	Sponsored through NGO's various health camps and awareness programs and treatment of diseases in different parts of the country.
Government	Provided manpower for housekeeping services at Government. Hospital, Daman. Created infrastructure for Government Hospital at Sikkim

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

The Company focuses serving disadvantaged, vulnerable and marginalised stakeholders in core areas near to its manufacturing facilities and R&D centres through various CSR initiatives enumerated hereinabove and detailed in Annexure C to the Directors' Report.

Principle 5

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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?

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

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

The Company has not received any complaint regarding violation of human rights during financial year 2017-18.

Principle 6

BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors/NGOs/Others?

The Company's policy applies to the all the offices and manufacturing locations across India and as well as overseas. The Code of Ethics for Suppliers, Vendors and other Stakeholders contains covenants on environmental aspects that are applicable to our Suppliers, Vendors and Contractors.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?

The Company, while undertaking its business operations, also keeps in mind the harmful effects that it's activities might have on the environment. Towards this, the Company takes initiative like replacing ozone-depleting substances like R22 refrigerant gas, with only non-ozone-depleting substances like R407 and R410 in the chillers at its manufacturing facilities. The Company has also installed biomass boilers at its manufacturing facility in Daman and Baddi to reduce greenhouse gas emissions.

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

The Company has in place Environment Management System. The Company's manufacturing facility in Baddi and Daman are certified with Environmental Management System ISO 14001:2015. The Company carries out Environmental Impact Assessment (EIA) before commencement of the operation at the manufacturing facilities and based on the EIA study results, mitigation techniques / strategies are devised to address the concerns, if any. Through the applicable periodic Environment Test Analysis reports, the Company monitors and assesses the impact of its activities on the environment. This is done to manage our responsibilities towards the environment.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof.

The Company currently does not have any project related to Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company endeavors towards having clean technology and energy efficiency across its operations. Some of the key initiatives are:

- Replacement of CFLs and FTL with LED lights saving upto 40% across all plants in India.
- Installation of Variable Frequency Drives (VFD) across plants for power saving.
- Installation of solar street LEDs in our factory peripherals.
- Installation of motion and level sensors which have resulted in power savings.
- Recycling of the waste water for running of boilers and cooling towers at all plants.
- Utilisation of tap water has been reduced for generating steam by implementation of steam condensate circulating ring at Daman and Baddi Plants.

- Initiated steam energy audit through Independent Consultant for further saving on steam generating cost at Daman.
- In order to reduce the utilisation of steam and chilled water thereby leading to conservation of energy, the Company has introduced Building Management System by implementing temperature and RH (relative humidity) censor based / operated 3-way and mixing valve for maintaining temperature and RH for classified areas of production.
- Successfully implemented power generation via solar panels for captive consumption upto 18% at Mandva and Taloja.

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

   The Company has complied with local laws and regulations and ensures that all the waste generated at the manufacturing facilities are within the permissible limits and are also disposed in responsible manner through the right channels.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   There are no show cause/ legal notices received from CPCB/SPCB which are pending as on 31st March, 2018.

Principle 7

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

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.**

   Yes. We are active members of the following associations:

   1. Indian Drugs Manufacturer's Association (IDMA)
   2. Indian Pharmaceutical Alliance (IPA)
   3. Bombay Chamber of Commerce & Industry
   4. Pharmaceutical Export Promotion Council of India (Pharmexcil)

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

   We have advocated for Economic Reforms through the associations.

Principle 8

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

   Yes.

   Education: Construction and renovation of schools in rural areas and promoting vedic study among the students. Supporting education for tribal and other underprivileged students in rural areas of Assam and Punjab.

   Vocational Training/Skills: Organised stitching training programme for women at Baddi and Naugama (Gujarat).

   Healthcare: Organised free checkup camps, awareness programs, cochlear implant, spine surgeries and other healthcare related activities in partnership with different NGOs. Alkem also runs its own healthcare centres in Sikkim and Baddi. The Company had sponsored construction of toilets and bathroom and provided drinking water facility to rural areas around its manufacturing facilities.

   Environment: Undertaken tree plantation in Jehanabad and Nalanda (Bihar); installation of solar street lights in rural areas of Mandva. Water retention project in few villages of Parli block in Beed District.

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

   The Company undertakes its CSR projects in-house and also collaborates with external NGOs whenever considered expedient in order to make use of their expertise and their reach to the targeted beneficiaries of the respective programme.

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

   In order to ensure that the CSR initiatives are directed towards the objectives and meet the desired results, it is important for us to know the impact that the project creates by monitoring the impact internally or through respective NGOs with whom we work. We regularly meet with the project coordinators, external agencies and stakeholders to assess the impact of our CSR projects.

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

Area of development	Amount contributed (in Million ₹)	Details of the initiative or the project
Education	65.8	The Company has contributed towards construction and renovation of various schools and has supported for education in rural areas. The Company promotes vedic study among the students.
Healthcare and Sanitation	36.0	The Company has organised free medical check-up camps, awareness programs and sponsored free cochlear implants, spine surgeries for underprivileged sections of the society. The Company in partnership with different NGOs has undertaken various other heathcare activities across India. The Company has also sponsored construction of toilets and bathrooms and provided drinking water facility in various rural areas.
Environment	4.3	The Company is committed to conserving natural resources. The Company has organised environmental drives for tree plantation and has contributed towards installation of solar street lights in rural areas. The Company has also undertaken water retention project.
Vocational training	0.2	The Company has organised stitching training programmes for women in Baddi and Naugama, Gujarat.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

All our initiatives for the projects done individually as well that done through NGOs are planned, monitored and evaluated in partnership with the communities. We also maintain all relevant documents, collect records and photographs of the activities related to all the projects for timely and accurate evaluation of the project.

Principle 9

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

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

Two consumer cases were pending as at the end of the financial year.

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)

All the medicinal products manufactured and marketed by the Company are accompanied by label displaying product information as mandated by applicable law. The information included in the label is approved by the respective regulatory authorities of the marketing country.

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

The Competition Commission of India ("CCI") by an Order dated 1st December, 2015 imposed a pecuniary penalty of ₹ 746.3 Million on Alkem Laboratories Limited, alleging anti-competitive practices under the Competition Act. An appeal was filed before the Competition Appellate Tribunal (" COMPAT") against the CCI order and the CCI Order was set aside on merit on 10th May, 2016. The CCI in exercise of its legal rights preferred the final appeal before the Supreme Court of India on 16th August 2016, against the Order of the COMPAT and got the matter admitted. The Order of the COMPAT has not been stayed by the Supreme Court of India hence the status quo of "no liability" against Alkem Laboratories Limited continues as on date and the matter is still pending resolution.

During the financial year 2017-18, there were no cases filed by any stakeholder against the company regarding irresponsible advertising.

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

The Company's products are prescribed and recommended to the patients (consumers) by medical professionals. As the consumer exercises little to no power in choosing the drugs especially from the speciality category, we do not conduct any consumer survey.

Independent Auditor's Report

To the Members of
Alkem Laboratories Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Alkem Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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

We conducted our audit of 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 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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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 31 March 2018, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "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, the Statement of Changes in Equity and the Statement of Cash Flows, dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 3.26 to the standalone Ind AS financial statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018;

        iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2018.

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

Sadashiv Shetty
Partner
Membership No: 048648

Place: Mumbai
Date: 30th May, 2018

Annexure - A

to the Independent Auditor's Report – 31 March 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, are held in the name of the Company

(ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In respect of inventory lying with third parties at the year-end, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, with respect to the investments made, loans, guarantees given to subsidiaries and securities given in respect of loan taken by the subsidiaries.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and Services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and Services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, Goods and Services Tax, duty of customs, duty of excise and value added tax as at 31 March 2018 which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company does not have any loans or borrowings from financial institutions or Government, nor has it issued any debentures during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit nor have we been informed of such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Indian Accounting Standard (AS) 24, Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Sadashiv Shetty
Partner
Membership No: 048648

Place: Mumbai
Date: 30th May, 2018

Enclosure I to Annexure A to the Independent Auditor's Report – 31 March 2018

Name of the Statute	Nature of dues	Amount under dispute (₹ in Millions)	Amount paid under protest (₹ in Millions)	Financial year / year (s)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty	172.6	18.6	2003-2014	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	5.4	2.2	2012-2017	Commissioner of Central Excise (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	6.4	3.5	2003-2005	Appellate Tribunal
Maharashtra VAT Act, 2002	Value Added Tax	95.9	10.3	2006-2014	Joint Dy. Commissioner of Sales Tax (Appeals)
West Bengal VAT Act, 2003	Value Added Tax	13.4	2	2012-2015	Senior Joint Commissioner, Corporate Division (Appellate Authority)
West Bengal VAT Act, 2003	Value Added Tax	0.3	-	2010-2011	Sr. Joint Commissioner of Commercial Tax
Bihar VAT Act, 2005	Value Added Tax	13.4	3.2	2010-2012	Joint commissioner Commercial Taxes (Appeals)
Uttar Pradesh VAT Act, 2008	Value Added Tax	3.6	1.8	2012-2013	Joint commissioner of Commercial taxes -Circle –I
Odisha VAT Act, 2004	Value Added Tax	1.5	0.1	2012-2016	Commissioner of Commercial Taxes
Gujarat VAT Act, 2003	Value Added Tax	0.1	-	2006-2007	Commissioner of Commercial Taxes Gujarat
Odisha Entry Tax Act, 1999	Entry Tax	0.2	0.1	2012-2014	Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	32.0	4.8	2013-2015	Joint Commissioner, Corporate Division (Appellate Authority)
Central Sales Tax Act, 1956	Central Sales Tax	0.2	0.1	2010-2011	Joint Dy. Commissioner Of Sales Tax(Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	0.2	0.1	2009-2011	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	0.6	0.1	2010-2011 & 2014-2017	Commissioner of Commercial Taxes
Income Tax Act, 1961	Income Tax	25.2	23.6	2001-2012	Commissioner of Income Tax (Appeal)

Annexure - B

to the Independent Auditor's Report – 31 March 2018

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Alkem Laboratories Limited ("the Company") as of 31 March 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 Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 ICAI.

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

Sadashiv Shetty
Partner
Membership No: 048648

Place: Mumbai
Date: 30th May, 2018

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Balance Sheet

as at 31 March 2018

(₹ in Million)

Particulars				Note	As at 31 March 2018	As at 31 March 2017
I.	**ASSETS**					
1	**Non-current assets**					
	(a)	**Property, plant and equipment**		3.1	14,398.5	11,032.1
	(b)	**Capital work in progress**		3.1	2,989.2	2,184.4
	(c)	**Intangible assets**		3.1	311.4	224.2
	(d)	**Financial assets**				
		(i)	Investments	3.2	13,014.4	12,256.4
		(ii)	Loans	3.3	1,074.9	417.6
		(iii)	Other financial assets	3.4	253.0	2,902.3
	(e)	**Deferred tax assets (net)**		3.7C	5,780.5	5,910.0
	(f)	**Non current tax assets (net)**		3.7D	237.0	274.1
	(g)	**Other non-current assets**		3.5	746.1	1,102.1
	Total non-current assets				**38,805.0**	**36,303.2**
2	**Current assets**					
	(a)	**Inventories**		3.6	10,241.6	8,587.6
	(b)	**Financial assets**				
		(i)	Investments	3.2	2,430.6	2,920.0
		(ii)	Trade receivables	3.8	8,750.0	6,333.2
		(iii)	Cash and cash equivalents	3.9	51.6	199.9
		(iv)	Bank balances other than (iii) above	3.10	2,731.4	1,790.7
		(v)	Loans	3.3	343.8	247.0
		(vi)	Other financial assets	3.4	1,526.7	1,131.5
	(c)	**Current tax assets (net)**		3.7D	-	214.6
	(d)	**Other current assets**		3.11	3,261.0	1,237.6
					29,336.7	**22,662.1**
	(e)	**Assets held for sale**		3.42	-	18.2
	Total Current assets				**29,336.7**	**22,680.3**
	TOTAL ASSETS				**68,141.7**	**58,983.5**
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a)	**Equity share capital**		3.12A	239.1	239.1
	(b)	**Other equity**		3.12B	48,614.5	43,687.4
	Total Equity				**48,853.6**	**43,926.5**
2	**Liabilities**					
2a	**Non-Current Liabilities**					
	(a)	**Financial Liabilities**				
		(i)	Borrowings	3.13	63.3	-
	(b)	**Provisions**		3.14	1,260.3	810.6
	(c)	**Other non-current liabilities**		3.15	97.7	112.9
	Total Non-Current Liabilities				**1,421.3**	**923.5**
2b	**Current liabilities**					
	(a)	**Financial Liabilities**				
		(i)	Borrowings	3.13	5,411.9	3,682.3
		(ii)	Trade payables	3.16	8,185.6	6,852.4
		(iii)	Other financial liabilities	3.17	2,525.6	1,945.2
	(b)	**Other current liabilities**		3.18	719.1	614.0
	(c)	**Provisions**		3.14	1,024.6	1,029.4
	(d)	**Current Tax Liabilities (net)**		3.7D	-	10.2
	Total Current Liabilities				**17,866.8**	**14,133.5**
	Total Liabilities				**19,288.1**	**15,057.0**
	TOTAL EQUITY AND LIABILITIES				**68,141.7**	**58,983.5**
Significant Accounting Policies				2A		
Notes to the Financial Statements				3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

CIN: L00305MH1973PLC174201

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

Samprada Singh
Chairman Emeritus
DIN. 00760279

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K.Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
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Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President – Legal & Company Secretary

P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Statement of Profit and Loss

for the year ended 31 March 2018

(₹ in Million)

	Particulars			Note	For the Year ended 31 March 2018	For the Year ended 31 March 2017
1	**Income**					
	(a)	Revenue from Operations		3.19	53,002.6	46,684.5
	(b)	Other Income		3.20	816.6	1,166.0
	Total Income				**53,819.2**	**47,850.5**
2	**Expenses**					
	(a)	Cost of materials consumed		3.21	13,276.9	12,322.6
	(b)	Purchases of Stock-in-Trade			8,389.5	7,750.4
	(c)	Changes in inventories of finished goods, Stock-in-trade and work-in-progress		3.22	(914.2)	(2,119.2)
	(d)	Employee benefits expense		3.23	8,616.3	7,222.5
	(e)	Finance Costs		3.24	323.7	236.8
	(f)	Depreciation and amortisation expense		3.1	1,076.5	764.8
	(g)	Other expenses		3.25	13,707.6	12,728.3
	Total Expenses				**44,476.3**	**38,906.2**
3	**Profit before tax (1) - (2)**				**9,342.9**	**8,944.3**
4	**Tax expense**			3.7A		
	(a)	Current tax			2,016.6	1,909.4
	(b)	Deferred tax (net)			167.9	(1,796.7)
	Total Tax Expenses				**2,184.5**	**112.7**
5	**Profit for the year (3) - (4)**				**7,158.4**	**8,831.6**
6	**Other Comprehensive Income**					
	(a)	Items that will not be reclassified subsequently to profit or loss				
		(i)	Remeasurements of defined benefit plans	3.28	(111.1)	(56.1)
		(ii)	Income tax on Remeasurements of defined benefit plans	3.7A	38.4	19.4
	Total of Other Comprehensive Income for the period, net of tax				**(72.7)**	**(36.7)**
7	**Total Comprehensive Income for the year (5) + (6)**				**7,085.7**	**8,794.9**
8	**Earnings per share (in ₹): Face value of ₹ 2 each**					
	Basic and diluted earnings per share			3.31	**59.87**	**73.86**
	Significant Accounting Policies			**2A**		
	Notes to the Financial Statements			**3**		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

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Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Mumbai
Date: 30th May, 2018

Statement of Changes in Equity

for the year ended 31 March 2018

(A) EQUITY SHARE CAPITAL

(₹ in Million)

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	119,565,000	239.1	119,565,000	239.1
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(B) OTHER EQUITY

(₹ in Million)

Particulars	Reserves and Surplus			Items of OCI	
	Capital Reserve	General Reserve	Retained Earnings	Remeasurement of Defined benefit plans	Total other equity
Balance as at 1 April 2016	5.2	19,380.4	16,369.8	0.5	35,755.9
Total Comprehensive Income for the year ended 31 March 2017					
Profit for the year	-	-	8,831.6	-	8,831.6
Other Comprehensive Income for the year (net of tax)	-	-	-	(36.7)	(36.7)
Total Comprehensive Income for the year	**-**	**-**	**8,831.6**	**(36.7)**	**8,794.9**
Transactions with owners of the company					
Dividend on Equity Shares **(Refer Note No.3.33)**	-	-	(717.4)	-	(717.4)
Dividend Distribution Tax	-	-	(146.0)	-	(146.0)
Balance as at 31 March 2017	**5.2**	**19,380.4**	**24,338.0**	**(36.2)**	**43,687.4**
Total Comprehensive Income for the year ended 31 March 2018					
Profit for the year	-	-	7,158.4	-	7,158.4
Other Comprehensive Income for the year (net of tax)	-	-	-	(72.7)	(72.7)
Total Comprehensive Income for the year	**-**	**-**	**7,158.4**	**(72.7)**	**7,085.7**
Transactions with owners of the company					
Dividend on Equity Shares **(Refer Note No.3.33)**	-	-	(1,793.5)	-	(1,793.5)
Dividend Distribution Tax	-	-	(365.1)	-	(365.1)
Balance as at 31 March 2018	**5.2**	**19,380.4**	**29,337.8**	**(108.9)**	**48,614.5**

The Description of the nature and purpose of each reserve within equity:

Capital Reserve: Capital reserve represents investment subsidies from state government

General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained Earnings: Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends paid to shareholders.

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

For and on behalf of the Board of Directors of Alkem Laboratories Limited
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President – Legal & Company Secretary

P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Statement of Cash Flow

for the year ended 31 March 2018

(₹ in Million)

		For the year ended 31 March 2018	For the year ended 31 March 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	9,342.9	8,944.3
	Adjustments for:		
	Depreciation and amortisation	1,076.5	764.8
	Fair valuation of investments	263.1	-
	Profit on sale of investments (net)	(45.2)	(22.8)
	(Profit)/Loss on sale of property plant and equipment (net)	(5.6)	17.9
	Dividend income	(13.5)	(0.5)
	Interest income	(732.4)	(1,074.2)
	Interest expenses	323.7	236.8
	Bad Debts/Advances written off	16.8	15.3
	Provision for doubtful debts	-	22.3
	Unrealised foreign currency (gain)/loss on revaluation (net)	(89.6)	25.8
	Rent income	(19.9)	(24.7)
	Subtotal of Adjustments	**773.9**	**(39.3)**
	Operating profit before working capital changes	10,116.8	8,905.0
	Changes in working capital:		
	Increase in trade receivables	(2,433.6)	(1,566.4)
	Increase in loans,other financial assets and other assets	(3,408.9)	(563.1)
	Increase in inventories	(1,654.0)	(2,687.3)
	Increase in trade payable, other financial liabilities and other liabilities	2,003.6	2,654.0
	Increase in provisions	372.2	296.1
	Subtotal of Adjustments	**(5,120.7)**	**(1,866.7)**
	Cash generated from operations	4,996.1	7,038.3
	Less: Income taxes paid (net of refund)	(1,813.5)	(2,047.7)
	Net cash generated from operating activities	**3,182.6**	**4,990.6**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchases of property,plant and equipment	(4,987.1)	(4,602.5)
	Sale of property,plant and equipment	58.2	81.2
	Proceeds from sale of investments (net)	910.7	-
	Purchase of Investments (net)	-	(418.6)
	Investments in subsidiaries	(1,250.0)	(2,145.2)
	Redemption of bank deposits having maturity of more than 3 months	1,771.3	2,366.7
	Dividend received	13.5	0.5
	Interest received	732.4	1,074.2
	Rent received	19.9	24.7
	Net Cash (used in) investing activities	**(2,731.1)**	**(3,619.0)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds/(Repayment) towards non-current borrowings (net)	63.3	(296.5)
	Proceeds from current borrowings (net)	1,819.2	150.3
	Dividends and corporate dividend tax paid	(2,158.6)	(863.4)
	Interest paid	(323.7)	(236.8)
	Net cash (used in) financing activities	**(599.8)**	**(1,246.4)**
D.	**NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**(148.3)**	**125.2**
E.	**CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR (REFER NOTE 3.9)**	**199.9**	**74.7**
F.	**CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR (D+E) (REFER NOTE 3.9)**	**51.6**	**199.9**

Statement of Cash Flow

for the year ended 31 March 2018

(₹ in Million)

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"

2 Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year

3 During the year, the Company has converted its loans and advances amounting to ₹ 147.2 Million to equity given to its wholly owned subsidiary in Chile viz, "Ascend Laboratories SpA". During the previous year, the Company has converted its loans and advances to equity amounting to ₹ 532.6 Millon and ₹ 480.4 Million given to its wholly owned subsidiary in India viz, "Enzene Biosciences Limited" and in USA viz, "S&B Pharma Inc." respectively.

This being a non cash transaction has been excluded from Statement of Cash Flows.

4 The amendment to Ind AS 7 Cash flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendement has become effective from 1 April 2017 and the required disclosure is made below: There is no other impact on the financial statement due to this amendement.

	Non current borrowings	Current borrowings
As at 1 April 2016	296.5	3,506.2
Cash flows from borrowing during the year (net)	(296.5)	150.3
Non Cash Items (Foreign exchange changes)	-	25.8
As at 31 March 2017	**-**	**3,682.3**
Cash flows from borrowing during the year (net)	63.3	1,819.2
Non Cash Items (Foreign exchange changes)	-	(89.6)
As at 31 March 2018	**63.3**	**5,411.9**

Significant Accounting Policies	Note 2A
Notes to the Financial Statements	Note 3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

For and on behalf of the Board of Directors of Alkem Laboratories Limited
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P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Notes
for the year ended 31 March 2018

1 GENERAL INFORMATION

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a company with limited liability. The Company is domiciled in India with its registered office address being Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India.The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products.

2A SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of Standalone Ind AS Financial Statements ("financial statements"):

a) Statement of compliance

The financial statements of the Company as at and for the year ended 31 March 2018 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

The Financial statements are prepared in Indian rupees rounded off to the nearest million except for share data and per share data, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 30 May 2018.

b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2B.** Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These financial statements are prepared under historical cost convention unless otherwise indicated.

d) Functional and Presentation Currency

These financial statement are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Notes

for the year ended 31 March 2018

2.2 Property, plant and equipment ("PPE")

i) Recognition and Measurement

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

c) Any gain or loss on disposal of an item of property plant and equipment is recognised in statement of profit and loss.

d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation and Amortisation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which is asset is ready to use /(disposed of). Freehold land is not depreciated.

PPE	Useful Life
Leasehold Land	Amortised over the period of Lease
Buildings	5 Years to 59 Years
Plant and Equipment	1 Years to 20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipments	3 Years to 6 Years

2.3 Intangible Assets:

i) Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Statement of profit and loss as incurred.

Notes
for the year ended 31 March 2018

iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate

The estimated useful lives for current and comparative periods are as follows:

Intangible Assets	Useful Life
Computer Software	3 Years to 6 Years
Trade Marks & Patents	5 Years

2.4 Impairment of non-financial assets:

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.5 Operating Leases/Finance Lease

Assets taken/given on lease under which substantially all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease only if lease rentals are not linked to inflation in accordance with the respective lease agreements.

Leases of Property, Plant and Equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or the financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period

2.6 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes

for the year ended 31 March 2018

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract Additionally, for a financial asset acquired at a significant discount or premium to its

Notes
for the year ended 31 March 2018

contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when it terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Equity instruments

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

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for the year ended 31 March 2018

2.8 Inventories:

a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work–in–Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Revenue Recognition and measurement:

a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.

b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made

c) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

d) Dividend from investment is recognised as revenue when right to receive the payments is established.

e) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

2.10 Foreign currencies

i. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments measured at fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

2.11 Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss

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for the year ended 31 March 2018

The Company's contribution towards provident fund and superannuation fund for eligible employees are considered to be defined contribution plan for which the Company made contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans: Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

b) Short term Employee Benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

2.12 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates {and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset ca n be realised.

Notes

for the year ended 31 March 2018

Deferred tax assets- unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.13 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred

2.14 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

2.15 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.16 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

2.17 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

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for the year ended 31 March 2018

2B KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in **Note 2A** to the standalone financial statements, 'Significant accounting policies'.

a. Estimate of current and deferred tax

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Statement of Profit and Loss and tax payments.

b. Recognition of MAT credit entitlement

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

c. Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

d. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

e. Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to

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for the year ended 31 March 2018

contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

f. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Company uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note

g. Defined Benefit Plans:

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

h. Provision for anticipated sales return:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

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for the year ended 31 March 2018

3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress

(₹ in Million)

	Property plant and equipment								Intangible assets			Capital work in progress
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Trade Mark & Patents	Total	
As at 1 April 2016	1,186.2	137.3	2,298.3	4,928.1	181.4	139.8	211.6	9,082.7	98.4	266.1	364.5	
Additions	11.8	97.6	891.9	2,036.0	44.9	76.3	143.0	3,301.5	43.0	-	43.0	
Adjustments	-	-	-	10.3	-	-	1.0	11.3	-	-	-	
Deletions	(15.0)	-	(2.0)	(102.7)	(18.2)	(12.9)	(1.5)	(152.3)	(1.5)	-	(1.5)	
Reclassification to assets held for sale		(20.2)	-	-	-	-	-	(20.2)	-	-	-	
As at 31 March 2017	**1,183.0**	**214.7**	**3,188.2**	**6,871.7**	**208.1**	**203.2**	**354.1**	**12,223.0**	**139.9**	**266.1**	**406.0**	
As at 1 April 2017	1,183.0	214.7	3,188.2	6,871.7	208.1	203.2	354.1	12,223.0	139.9	266.1	406.0	
Additions	0.2	286.7	1,133.8	2,542.1	106.1	97.1	220.8	4,386.8	66.8	129.1	195.9	
Deletions		(3.2)	(4.8)	(48.4)		(18.1)	(0.3)	(74.8)			-	
As at 31 March 2018	**1,183.2**	**498.2**	**4,317.2**	**9,365.4**	**314.2**	**282.2**	**574.6**	**16,535.0**	**206.7**	**395.2**	**601.9**	
Depreciation and Amortisation												
As at 1 April 2016	-	4.1	52.9	453.8	31.7	21.4	48.1	612.0	30.2	58.2	88.4	
Depreciation/amortisation for the year	-	2.2	64.5	482.5	33.1	23.5	64.1	669.9	36.7	58.2	94.9	
Adjustments	-	-	-	-	-	-	-	-	-	-	-	
Deductions	-	-	(0.6)	(61.9)	(17.9)	(7.3)	(1.3)	(89.0)	(1.5)	-	(1.5)	
Reclassification to assets held for sale	-	(2.0)	-	-	-	-	-	(2.0)	-	-	-	
As at 31 March 2017	**-**	**4.3**	**116.8**	**874.4**	**46.9**	**37.6**	**110.9**	**1,190.9**	**65.4**	**116.4**	**181.8**	
As at 1 April 2017	-	4.3	116.8	874.4	46.9	37.6	110.9	1,190.9	65.4	116.4	181.8	
Depreciation/amortisation for the year		6.2	100.6	691.6	41.2	32.6	95.6	967.8	42.2	66.5	108.7	
Deductions		(0.2)	(0.1)	(12.8)		(9.1)		(22.2)			-	
As at 31 March 2018	**-**	**10.3**	**217.3**	**1,553.2**	**88.1**	**61.1**	**206.5**	**2,136.5**	**107.6**	**182.9**	**290.5**	
Net Book Value												
As at 31 March 2017/1 April 2017	1,183.0	210.4	3,071.4	5,997.3	161.2	165.6	243.2	11,032.1	74.5	149.7	224.2	2,184.4
As at 31 March 2018	**1,183.2**	**487.9**	**4,099.9**	**7,812.2**	**226.1**	**221.1**	**368.1**	**14,398.5**	**99.1**	**212.3**	**311.4**	**2,989.2**

1. Addition to PPE include items of PPE aggregating ₹ **188.5 Million** (For the year ended 31 March 2017 ₹ **210.2 Million**) located at Research and Development Centres of the Company
2. Capital work in progress comprises expenditure in respect of various plants in the course of construction. Total amount of Capital work in progress is ₹ **2,989.2 Million** as at 31 March 2018 (31 March 2017: ₹ 2,184.4 Million). This amount also includes capitalised borrowing costs related to the construction of various plants of ₹ **29.1 Million** (For the year ended 31 March 2017: ₹ 32.9 Million).
3. **Refer Note 3.26**(b)(1) for contractual commitments with respect to property plant and equipments.
4. Exclusive charge by way of hypothecation over the whole of the moveable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of US$ 35.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US$ 4 Million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company
5. Depreciation and amortisation expense

Notes

for the year ended 31 March 2018

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation expense	967.8	669.9
Amortisation expense	108.7	94.9
Total	**1,076.5**	**764.8**

3.2 Investments:

	Units as at			As at 31 March 2018		As at 31 March 2017	
	31 March 2018	31 March 2017	Face Value	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
A. Non Current Investments							
In Equity Shares Unquoted: [at cost]							
a) In Subsidiaries:							
Alkem Laboratories (NIG) Limited, Nigeria	27,156,388	27,156,388	Naira	-		9.4	
(Including 1 share held by the nominee)			1				
Alkem Laboratories (Pty.) Limited, South Africa	49,960	49,960	Rand	68.8		68.8	
			10				
Alkem Laboratories Corporation, Philippines	999,272	999,272	Peso	139.7		139.7	
(Including 5 shares held by the nominees)			100				
Alkem Pharma GmbH, Germany	2	2	Euro	1.7		1.7	
(One Share of Euro 24,750 and Second share of Euro 250)							
Ascend Laboratories Sdn. Bhd., Malaysia	2	2	Ringgit				
(₹ 91)			1				
S & B Holdings B.V., Netherlands	35,590,552	35,590,552	Euro	2,897.2		2,897.2	
			1				
Alkem Laboratories Korea INC	15,000	15,000	Korean Won	0.1		0.1	
			100				
Ascend Laboratories SpA, Chile **[Refer Note 6 (a)]**	5,427	3,153		281.0		133.8	
(1000 Nominative Shares, without par value)							
Pharmacor Ltd., Kenya	1,000	1,000	Shillings	0.1		0.1	
			100				
Pharmacor Pty Ltd., Australia	68,313,954	68,313,954		224.7		224.7	
Ascend Laboratories (UK) Limited	250,000	250,000	GBP	9.9		9.9	
(issued capital 250000 shares of 1 GBP of which 40 Pence is called up & paid)			1				
S&B Pharma, Inc, USA	68,454	68,454	USD	1,850.6		1,850.6	
			0.01				
Cachet Pharmaceuticals Pvt Ltd	10,484	10,484	INR	888.9		888.9	
			100				
Indchemie Health Specialities Pvt Ltd	127,500	127,500	INR	1,640.7		1,640.7	
			10				
Enzene Biosciences Limited, India **[Refer Note 6 (b)]**	19,021,440	11,305,390	INR	2,890.0		1,640.0	
			10				
Alkem Foundation **[Refer Note 6 (b)]**	10,000	-	INR	0.1		-	
			10		10,893.5		9,505.6

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(₹ in Million)

		As at 31 March 2018	As at 31 March 2017
b)	Investment in Limited Liability Partnership Firm: Unquoted (Trade): [at cost]		
	The PharmaNetwork LLP, Kazakhstan **[Refer Note 6 (c)]**	157.6	157.6
	In Equity Shares of Other Companies Unquoted **[at fair value through profit and loss]:-**	2.1	5.3
	Investment In Venture Capital Fund: Unquoted (Non Trade) **[at fair value through profit and loss]:**	410.8	285.6
	Non Convertible Debentures [at amortised cost]		
	Unquoted	20.0	20.0
	Quoted **(Refer Note 5)**	175.0	175.0
	Bonds: [at amortised cost]:- Quoted **(Refer Note 5)**	1,355.4	2,107.3
Total		**13,014.4**	**12,256.4**

Notes:

		As at 31 March 2018		As at 31 March 2017	
		Book Value	Market Value	Book Value	Market Value
1)	Aggregate value of Unquoted Investments:	11,484.0	N.A.	9,974.1	N.A.
2)	Aggregate value of Quoted Investments:	1,530.4	1,530.4	2,282.3	2,282.3
3)	Aggregate amount of impairement in the value Investments:	9.4		Nil	
4)	All Investments in Shares & Securities are fully paid up. **(Except Refer Note 3.26(b)-2)**				

Non-current Investments

	As on 31 March 2018		As on 31 March 2017	
	Profit Sharing Ratio	Capital Accounts	Profit Sharing Ratio	Capital Accounts
1) Details of M/s The PharmaNetwrok LLP, Kazakhstan:				
M/s Alkem Laboratories Limited	100.00%	157.6	100.00%	157.6
TOTAL	**100.00%**	**157.6**	**100.00%**	**157.6**

5) Investments in 8% Indian Railway Finance Corporation Limited, 8.63% NHB Limited, 9.01% NHB Limited,11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ **1,378.0 Million** has been pledged against issuance of Stand by letter of credit required for Loan of US$ 25.0 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down subsidiary of the company and Loan of US$ 35.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US$ 4 Million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company. With effect from **7 September 2017**, the said loans are secured by way of hypothecation over the whole of the moveable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India.

6a) During the year, the Company has contributed ₹ **147.2 Million** in wholly owned subsidiary in Chile viz, "Ascend Laboratories SpA" by way of conversion of loans and advances to equity.

6b) During the year, the Company has contributed ₹ **1,250 Million** in subsidiary in India viz, "Enzene Biosciences Limited" by way of a capital contribution.

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6c) During the year, the Company has acquired shares of Alkem foundation

		As at 31 March 2018	As at 31 March 2017
B.	**Current Investments**		
1)	Investment in Venture Capital funds: (Unquoted) [at fair value through profit and loss]		
	Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) - **Refer sub note 3 of Note 3.2**	2,245.9	2,756.0
2)	Preference Shares: [at amortised cost]	8.1	8.1
3)	Investment In Mutual Funds Quoted(Non Trade) [at fair value through profit and loss]	176.6	155.9
Total		**2430.6**	**2,920.0**

Notes:

		As on 31 March 2018		As on 31 March 2017	
		Cost	Market Value	Cost	Market Value
1)	Aggregate value of Quoted investments	176.6	176.6	155.9	155.9
	Aggregate value of Unquoted investments	2,254.0	N.A.	2,764.1	N.A.
2)	All Investments in Shares & Securities are fully paid up.				

3) During the year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in **Avenue Venture Real Estate Fund ("Fund")** by entering into an option agreement with Mr.Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties. During the year the Company has renewed the option agreement as approved in its Board meeting held on 9 February 2018 for a period of 2 years.

3.3 Loans

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
A. Non Current Loans		
(Unsecured, Considered Good)		
Loans to Subsidiary Companies **(Refer Note 3.35)**		
Considered Good	995.6	335.5
Considered Doubtful	65.5	66.6
	1,061.1	**402.1**
Less: Loss allowances	(65.5)	(66.6)
	995.6	**335.5**
Security Deposits	10.4	13.2
Other receivables	68.9	68.9
TOTAL	**1,074.9**	**417.6**
B. Current Loans		
Loans to employees*	250.8	144.9
Security Deposits	93.0	102.1
TOTAL	**343.8**	**247.0**

* Loan to employees includes loan to related party of ₹ **10.9 Million** (31 March 2017: ₹ 6.7 Million) **(Refer Note 3.35)**

Notes
for the year ended 31 March 2018

3.4 Other financial assets

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
A. Other Non Current Financial Assets		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months	211.5	2,839.9
Interest on Deposits, accrued but not due	14.8	28.0
Other Receivables	26.7	34.4
TOTAL	**253.0**	**2,902.3**

Note:

Bank Deposits of ₹ **45.0 Million** (31 March 2017: ₹ 1,455.0 Million) are under lien with the Banks against Overdraft facility.

Bank Deposits of ₹ **55.0 Million** (31 March 2017 ₹ 55.0 Million) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
B. Other Current Financial Assets		
Interest on Deposits, accrued but not due	128.6	199.0
Other Receivables*	32.5	104.7
Incentive Receivable from Government	1,365.6	827.8
TOTAL	**1,526.7**	**1,131.5**

Note:

*Includes amount receivable from related party amounting to ₹ **Nil: Refer Note 3.35** (31 March 2017 ₹ 68.5 Million) and insurance claim receivable ₹ **24.7 Million** (31 March 2017 ₹ 10.4 Million)

3.5 Other non-current assets

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Capital Advances	537.7	919.9
Balances with Government Authorities	189.4	162.4
Other advances	17.7	18.3
Prepaid expenses	1.3	1.5
TOTAL	**746.1**	**1,102.1**

3.6 Inventories

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Raw and packing materials	3,032.0	2,296.0
Goods-in-transit	20.7	16.9
	3,052.7	**2,312.9**
Work-in-progress	376.5	395.7
Finished goods	2,946.5	3,007.3
Goods-in-transit	934.7	261.3
	3,881.2	**3,268.6**
Stock-in-trade	2,815.8	2,434.3
Goods-in-transit	115.4	176.1
	2,931.2	**2,610.4**
TOTAL	**10,241.6**	**8,587.6**

Notes
for the year ended 31 March 2018

Note:

1. The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year ended 31 March 2018 is ₹ **120.0 Million** (31 March 2017: ₹ 550.2 Million)

3.7 Income tax

(A) Components of Income Tax Expenses

(i) Tax Expense recognised in profit and loss

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax		
Current year tax	2,016.6	1,909.4
	2,016.6	**1,909.4**
Deferred tax (net)		
Minimum Alternate Tax (MAT) credit entitlement	-	(1,909.4)
Origination and reversal of temporary differences	167.9	112.7
	167.9	**(1,796.7)**
Tax expense for the year	**2,184.5**	**112.7**

(ii) Tax recognised in other comprehensive income

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(111.1)	38.4	(72.7)	(56.1)	19.4	(36.7)
	(111.1)	38.4	(72.7)	(56.1)	19.4	(36.7)

(B) Reconciliation of effective tax rate

	(%)	For the year ended 31 March 2018	(%)	For the year ended 31 March 2017
Profit before tax		9,342.9		8,944.3
Tax using the Company's domestic tax rate (Current year 34.6% and Previous Year 34.6%)	34.6%	3,233.4	34.6%	3,095.4
Tax effect of:				
Long term capital gains exempt under income tax	0.0%	(1.7)	-0.1%	(7.9)
Income exempt from income taxes	0.0%	-	0.0%	(3.8)
Additional deduction allowed under income tax act in respect of Section 80(IE), 80(IB)	-7.9%	(734.7)	-28.5%	(2,552.8)
Interest expense not deductible for tax purposes	0.0%	-	0.1%	12.2
Additional allowances under income tax in respect of Section 35(2AB)	-2.1%	(195.6)	-5.8%	(523.1)
Utilisation of previously derecognised MAT credit#	-2.3%	(217.7)	0.0%	-
Others	1.1%	100.9	1.0%	92.7
	23.4%	**2,184.5**	**1.3%**	**112.7**

The Company's weighted average tax rates for the years ended 31 March 2018 and 2017 were 34.6% and 34.6%, respectively. Income tax expense was ₹ **2,184.5 Million** for the year ended 31 March 2018, as compared to income tax expense of ₹ 112.7 Million for the year ended 31 March 2017.

The Company's effective tax rate for the year ended 31 March 2018 was **23.4%** (31 March 2017: 1.3%)

The effective tax rate for the year ended 31 March 2018 and 31 March 2017 was lower primarily as a result of additional allowance under Income tax.

#During the year ended 31 March 2018, the Company has utilised Minimum Alternate Tax ("MAT") credit amounting to ₹ **217.7 Million** derecognised in the year ended 31 March 2016. The current tax charge for year ended 31 March 2018 is after MAT credit of said amount.

Notes

for the year ended 31 March 2018

(C) Movement in deferred tax assets and liabilities

(₹ in Million)

	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	31 March 2018		
				Net	Deferred tax asset	Deferred tax liability
Deferred Tax Liabilities:						
Property, plant and equipment and Intangible assets	(1,301.3)	(288.0)	-	(1,589.3)	-	(1,589.3)
Investment	(319.9)	91.0	-	(228.9)	-	(228.9)
Borrowings	-		-	-	-	-
Deferred Tax Assets:						
Employee benefits	370.4	71.5	38.4	480.3	480.3	-
Trade receivables	101.3	(30.2)	-	71.1	71.1	-
Deferred Government Grant	44.4	(4.9)	-	39.5	39.5	-
Other items	26.3	(7.3)	-	19.0	19.0	-
MAT credit entitlement	6,988.8		-	6,988.8	6,988.8	-
Deferred Tax assets (Liabilities)	**5,910.0**	**(167.9)**	**38.4**	**5,780.5**	**7,598.7**	**(1,818.2)**
Offsetting of deferred tax assets and deferred tax liabilities					(1,818.2)	1,818.2
Net Deferred Tax assets (Liabilities)	**5,910.0**	**(167.9)**	**38.4**	**5,780.5**	**5,780.5**	**-**

(₹ in Million)

	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	31 March 2017		
				Net	Deferred tax asset	Deferred tax liability
Deferred Tax Liabilities:						
Property, plant and equipment and Intangible assets	(1,165.4)	(135.9)	-	(1,301.3)	-	(1,301.3)
Investment	(299.6)	(20.3)	-	(319.9)	-	(319.9)
Borrowings	(0.6)	0.6	-	-	-	-
Deferred Tax Assets:			-			
Employee benefits	300.0	51.0	19.4	370.4	370.4	-
Trade receivables	94.4	6.9	-	101.3	101.3	-
Deferred Government Grant	10.8	33.6	-	44.4	44.4	-
Other items	74.9	(48.6)	-	26.3	26.3	-
MAT credit entitlement	5,079.4	1,909.4	-	6,988.8	6,988.8	-
Deferred Tax assets (Liabilities)	**4,094.0**	**1,796.7**	**19.4**	**5,910.0**	**7,531.2**	**(1,621.2)**
Offsetting of deferred tax assets and deferred tax liabilities					(1,621.2)	1,621.2
Net Deferred Tax assets (Liabilities)	**4,094.0**	**1,796.7**	**19.4**	**5,910.0**	**5,910.0**	**-**

(C) Movement in deferred tax assets and liabilities (Continued)

The company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

D. Tax assets and liabilities

(₹ in Million)

Particulars	As at 31 March 2018	As at 31 March 2017
Non Current tax assets (net)	237.0	274.1
Current tax assets (net)	-	214.6
Current tax liabilities (net)	-	10.2

Notes
for the year ended 31 March 2018

E. Unrecognised deferred tax assets

(₹ in Million)

Particulars	As at 31 March 2018	As at 31 March 2017
Unrecognised MAT Credit Entitlement	616.4	834.1

3.8 Trade receivables

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
(Unsecured)		
Considered good	8,750.0	6,333.2
Considered doubtful	163.9	252.9
Less: Loss allowances	(163.9)	(252.9)
	8,750.0	**6,333.2**
TOTAL	**8,750.0**	**6,333.2**

Note:
1. Above Trade Receivables include amount due from related parties ₹ **4,572.3 Million** (31 March 2017 ₹ 3,184.3 Million) - **Refer Note 3.35**

3.9 Cash and cash equivalents

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Cash on hand	2.7	2.8
Cheques and Drafts on hand	33.2	70.8
Balance with Banks:		
In Current Accounts	15.7	26.3
In Deposit Accounts with original maturity within three months	-	100.0
TOTAL	**51.6**	**199.9**

3.10 Bank balances other than cash and cash equivalents

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Unpaid dividend account	0.6	-
Bank Deposits with maturity within 12 months	2,730.8	1,790.7
TOTAL	**2,731.4**	**1,790.7**

Note:
Bank Deposits of ₹ **2,500.0 Million** (31 March 2017 ₹ 1,100 Million) is under lien with banks against Overdraft facilities availed.
Bank Deposits of ₹ **Nil** (31 March 2017 ₹ 110.0 Million) is under lien towards bank guarantee given to the Bombay Stock Exchange ("BSE")

3.11 Other current assets

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
(Unsecured, considered good)		
Balances with Government Authorities	2,702.4	1,037.0
Advance to Suppliers:		
Considered Good	465.2	78.9
Considered Doubtful	66.8	52.0
	532.0	**130.9**
Less: Loss allowances	(66.8)	(52.0)
	465.2	**78.9**
Prepaid Expenses	93.4	121.7
TOTAL	**3,261.0**	**1,237.6**

Notes

for the year ended 31 March 2018

3.12A Equity share capital

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Authorised:		
25,00,00,000 equity shares of ₹ 2/- each (31 March 2017 25,00,00,000 equity shares of ₹ 2/- each)	500.0	500.0
	500.0	**500.0**
Issued, Subscribed and Paid up:		
11,95,65,000 equity shares of ₹ 2/- each fully paid up (31 March 2017 11,95,65,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
TOTAL	**239.1**	**239.1**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	(₹ in Million)	Number	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders:	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:				
Mr. Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	21.08%	25,205,800	21.08%
Mr. Basudeo Narain Singh	8,586,100	7.18%	8,479,950	7.09%
Mr. Tushar Kumar (shares held on behalf of Prasid Uno Family Trust)	7,533,360	6.30%	-	0.00%
Mr. Mritunjay Kumar Singh	7,511,875	6.28%	5,806,060	4.86%
Mr. Dhananjay Kumar Singh	7,466,260	6.24%	5,766,260	4.82%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%

(d) Aggregate Number of Bonus Shares Issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalisation of General Reserves.

Notes
for the year ended 31 March 2018

3.12B Other Equity

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Capital Reserve:		
Investment Subsidies from State Governments		
At the commencement of the year	5.2	5.2
Add: Addition during the year	-	-
At the end of the year	**5.2**	**5.2**
General Reserve:		
At the commencement of the year	19,380.4	19,380.4
Add: Transferred from Retained earnings	-	-
At the end of the year	**19,380.4**	**19,380.4**
Retained Earnings:		
At the commencement of the year	24,338.0	16,369.8
Add: Profit for the year	7,158.4	8,831.6
	31,496.4	**25,201.4**
Less: Appropriations:		
Dividend on Equity Shares	1,793.5	717.4
Dividend Distribution Tax	365.1	146.0
At the end of the year	**29,337.8**	**24,338.0**
Other Comprehensive Income:		
At the commencement of the year	(36.2)	0.5
Add: Other Comprehensive Income for the year	(72.7)	(36.7)
At the end of the year	**(108.9)**	**(36.2)**
TOTAL	**48,614.5**	**43,687.4**

3.13 Borrowings

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
A. Non current borrowings		
Secured:		
Finance Lease obligation **(Refer Note 3.29)**	63.3	-
TOTAL	**63.3**	**-**
A. Current Borrowings		
Secured		
Loans repayable on demand from Banks	1,043.8	1,080.0
	1,043.8	1,080.0
Unsecured		
Working Capital Loan from Banks	4,368.1	2,602.3
	4,368.1	**2,602.3**
TOTAL	**5,411.9**	**3,682.3**

Notes:

Secured:

Loans repayable on demand from Banks include:

1. Overdrafts from Banks ₹ **1,043.8 Million** (31 March 2017 ₹ 1,080.0 Million) are secured against pledge of Fixed Deposits with the banks.

2. Overdraft Facilities carry a rate of Interest ranging between 7.50% to 9.00% p.a., computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Notes

for the year ended 31 March 2018

Unsecured:

3. Working Capital Loan from banks comprises of Overdraft in ₹ of ₹ **359.9 Million** (31 March 2017; ₹ 73.2 Million) and Packing Credit in Foreign Currencies of ₹ **4,008.3 Million** (31 March 2017: ₹ 2,529.1 Million) and are repayable on demand.

4. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 1.50% to 2.75% and those in Indian Rupees carries Interest rate in the range of 7.5% to 9% p.a.

3.14 Provisions

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
A. Non current provisions		
Provisions for employee benefits		
Gratuity **(Refer Note 3.28)**	739.6	404.7
Compensated absences	231.4	167.9
Provision for anticipated sales returns **(Refer Note.3.32)**	289.3	238.0
TOTAL	**1,260.3**	**810.6**
B. Current provisions		
Provision for employee benefits:		
Gratuity **(Refer Note 3.28)**	147.4	269.6
Compensated absences	255.8	228.2
Provision for anticipated sales returns **(Refer Note.3.32)**	621.4	531.6
TOTAL	**1,024.6**	**1,029.4**

3.15 Other non current liabilities

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Deferred Income on government grant	97.7	112.9
TOTAL	**97.7**	**112.9**

3.16 Trade payables

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Dues to Micro and Small Enterprises **(Refer Note 3.27)**	749.1	629.7
Others	7,436.5	6,222.7
TOTAL	**8,185.6**	**6,852.4**

Note:-

Due to related parties ₹ **824.9 Million** (31 March 2017 ₹ 535.7 Million) **(Refer Note 3.35)**

3.17 Other current financial liabilities

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Employee payables	922.4	732.0
Security Deposits	122.3	111.8
Accrual for Expenses	1,480.3	1,101.3
Unpaid dividend*	0.6	-
TOTAL	**2,525.6**	**1,945.1**

Notes:-

* There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013.

Notes
for the year ended 31 March 2018

3.18 Other current liabilities

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Due to statutory authorities*	450.8	332.8
Advances from customers	252.7	265.6
Deferred Income on government grant	15.6	15.6
TOTAL	**719.1**	**614.0**

Note:-
*Due to statutory authorities includes Goods and Service Tax ("GST") Payable, sales tax payable, excise duty payable, tax deducted at source payable, service tax payable, provident fund and other funds payable.

3.19 Revenue from operations

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Sale of products- (A)#	51,967.0	46,030.4
Other operating revenues:		
Export incentives	385.1	373.0
Scrap sales	68.9	46.7
Foreign currency transactions and translation gain (net)	184.8	19.2
Government subsidy income	15.3	24.6
Royalty income	56.8	32.0
Budgetary Support Benefit under GST/Excise duty	305.4	123.3
Miscellaneous income/receipts	19.3	35.3
Total other operating revenue: - (B)	**1,035.6**	**654.1**
TOTAL (A) + (B)	**53,002.6**	**46,684.5**

#Post implementation of GST with effect from 1 July 2017 and as per Ind AS 18, Revenue from operations is disclosed net of GST. Revenue from operations for the year ended 31 March 2017 included excise duty which is now subsumed under GST. Revenue from operations for the year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, revenue from operations for the year ended 31 March 2018 are not comparable with those of the previous periods presented.

3.20 Other income

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Interest income on		
- Bank deposits	318.3	556.1
- Bonds,debentures and loans at amortised cost	414.1	518.1
Dividend income on equity securities at FVTPL	13.5	0.5
Rental income	19.9	24.7
Net profit on sale of equity securities at FVTPL	45.2	22.8
Profit on sale of property plant and equipments (net)	5.6	-
Gain on fair value of investments through profit and loss	-	43.8
TOTAL	**816.6**	**1,166.0**

3.21 Cost of materials consumed

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Raw material consumed	9,911.6	8,753.4
Packing material consumed	3,365.3	3,569.2
	13,276.9	**12,322.6**

Notes
for the year ended 31 March 2018

3.22 Changes in inventories of finished goods Work-in-Progress and Stock-in-Trade:

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Opening Stock:		
Finished goods	3,268.6	2,380.8
Stock-in-trade	2,610.4	1,530.0
Work-in-progress	395.7	244.7
	6,274.7	**4,155.5**
Less: Closing stock:		
Finished goods	3,881.2	3,268.6
Stock-in-trade	2,931.2	2,610.4
Work-in-progress	376.5	395.7
	7,188.9	**6,274.7**
TOTAL	**(914.2)**	**(2,119.2)**

3.23 Employee benefits expense

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Salaries, wages and bonus **(Refer Note 3.28)**	7,894.7	6,663.8
Contribution to provident and other funds **(Refer Note 3.28)**	374.1	285.3
Employees' welfare expenses	347.5	273.4
TOTAL	**8,616.3**	**7,222.5**

3.24 Finance cost

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Interest expenses on		
- Bank overdraft and others	273.8	183.5
- Defined benefit liabilities **(Refer Note 3.28)**	43.7	38.8
Other borrowing cost	6.2	14.5
TOTAL	**323.7**	**236.8**

3.25 Other expenses

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Consumption of stores and spare parts	683.9	607.3
Power and fuel	928.2	693.0
Excise duty	-	1,202.2
Processing charges	285.4	258.9
Contract labour charges	592.1	519.1
Rent **(Refer Note 3.29)**	145.3	136.0
Rates and taxes	198.0	186.3
Insurance	176.6	136.7
Marketing and promotions	3,776.4	3,151.9
Financial Assets at FVTPL -net change in fair value	263.1	-
Selling and distribution expenses	1,277.6	1,036.1
Legal and professional Fees	1,186.7	1,249.4
Sales commission	348.3	308.1
Travelling and conveyance	1,502.6	1,284.1
Repairs:		

Notes
for the year ended 31 March 2018

(₹ in Million)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
- Buildings	83.5	64.4
- Plant and machineries	261.9	228.7
- Others	100.1	78.4
Loss on sale of property plant and equipments (net)	-	17.9
Commission to Directors	144.6	144.0
Donation	8.4	14.5
Communication and printing expenses	138.0	132.5
Vehicle expenses	99.8	77.4
Clinical and analytical charges	560.6	477.9
Bad Debts/Advances written off	16.8	15.3
Allowances for doubtful debts	-	22.3
Corporate Social Responsibility (CSR) expenditure **(Refer Note 3.39)**	106.3	61.8
Royalty Expenses	0.9	47.2
Miscellaneous expenses **(Refer Note 3.38)**	822.5	576.9
TOTAL	**13,707.6**	**12,728.3**

3.26 Contingent Liabilities and Commitments

a) Contingent Liabilities not provided for

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Claims against the Company not acknowledged as debt:		
(i)	Central Excise demand disputed in appeal {advances paid in dispute ₹ **19.8 Million** (31 March 2017 ₹ 41.5 Million)	154.7	67.6
(ii)	Sales Tax demand disputed in appeal: advances paid in dispute ₹ **34.9 Million** (31 March 2017: ₹ 38.0 Million)	185.2	152.4
(iii)	Income Tax demand disputed in appeal: advances paid dispute in ₹ **23.6** (31 March 2017 ₹ Nil)	54.0	283.0
(v)	Other matters: a. In relation to purchase commitments- ₹ **968.1 Million*** (31 March 2017 ₹ 968.1 Million) b.Supply of Goods: ₹ **377.3 Million** (31 March 2017 ₹ 376.6 Million)** c. in relation to CCI - ₹ **746.3 Million** (31 March 2017 ₹ 746.3 Million) d. Alleged infringement of intellectual property - ₹ **Nil** (31 March 2017 ₹ 2.1 Million)	2,091.7	2,093.1
	TOTAL	**2,485.6**	**2,596.1**

Management considers that service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property.

** Claim from customer in relation to product quality issues and packing norms in recipient country.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

Notes
for the year ended 31 March 2018

b) Commitments

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid ₹ **537.7 Millions** (31 March 2017 ₹ 36.7 Millions)	1,160.0	1,560.0
2	Calls in Respect of Partly paid up shares issued by a subsidiary Company	17.9	16.8
3	Uncalled/ Unpaid contribution towards investment in funds (Refer Note.3.2)	145.8	26.5
4	Other Commitments: Commitment towards research and development - USD 4.7 Million (31 March 2017 **USD 4.7 Million**)	306.3	305.5
5	Letter of Credit opened by the Banks	95.3	369.9
6	Pending Export Obligation under advance licence/ EPCG Scheme	46.3	115.7
7	Other Commitments - Non Cancellable Operating Lease - **Refer Note.3.29**		

3.27 Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro and Small enterprises as defined in the MSMED as set out in following disclosure.

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Principal amount remaining unpaid to any supplier as at the year end	749.1	629.7
2	Interest due thereon	12.9	6.3
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	12.9	6.3
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	12.9	6.3

3.28 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

The Company

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of salary cost of the eligible employee to the superannuation plan to fund the benefit.

Notes
for the year ended 31 March 2018

The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- Contribution to Provident Fund	325.5	261.6
- Contribution to Superannuation fund	1.6	2.1
- Contribution to Employee state insurance corporation	47.1	21.6
TOTAL	374.2	285.3

ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2018 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2018

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation:		
	Current Service Cost	99.1	75.5
	Interest Cost	43.7	38.8
	Actuarial (gain) / losses	111.1	56.1
	Benefits paid	(41.2)	(32.1)
	PVO at the beginning of the year	674.3	536.0
	PVO at end of the year	887.0	674.3
II)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of year	887.0	674.3
	Fair Value of planned assets at end of year	-	-
	Funded status	(887.0)	(674.3)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(887.0)	(674.3)

Notes
for the year ended 31 March 2018

(₹ in Million)

Sr. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
IV)	Net cost for the year		
	Current Service cost	99.1	75.5
	Interest cost	43.7	38.8
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	111.1	56.1
	Net cost	253.9	170.4
V)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	7.29	6.69
	Attrition rate (%)	10% - 20%	10% - 20%
	Salary escalation rate (%)	9% in Next one year and 7% thereafter	6.25

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below:

(₹ in Million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Defined Benefit Obligation at end of the year	887.0	674.3	536.0	586.7	409.4
Experience Gain/Loss Adjustment on plan Liabilities	46.8	36.5	(11.2)	(16.4)	(48.9)
Actuarial Gain/(Loss) due to change on assumption	64.3	19.6	10.6	92.7	31.3

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(33.6)	37.4	(25.1)	27.9
Future salary growth (1% movement)	34.6	(31.7)	25.8	(23.6)

3.29 a) The Company has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

(₹ in Million)

Particulars	31 March 2018	31 March 2017
Rent expense	145.3	136.0
TOTAL	**145.3**	**136.0**

Notes
for the year ended 31 March 2018

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

(₹ in Million)

Particulars	31 March 2018	31 March 2017
Not later than one year	35.0	14.9
Later than one year but not later than five years	75.9	19.3
Later than five years	-	-
TOTAL	**110.9**	**34.2**

(b) During the year, the Company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. The future obligation in respect of the above are as under:

(₹ in Million)

Particulars	Present value of minimum lease payment	Future interest Cost	Minimum lease payment
Not later than one year	0.0	2.8	2.8
Later than one year but not later than five years	0.2	14.2	14.4
Later than five years	63.1	200.7	263.8
TOTAL	**63.3**	**217.7**	**281.0**

3.30 The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is ₹ **3,142.5 Million** (Previous year ₹ 2,886.6 Million).

3.31 Earnings per share (EPS)

(₹ in Million)

Particulars			Year ended 31 March 2018	Year ended 31 March 2017
Profit /(loss) after tax attributable to equity shareholders	₹ in Million	A	7,158.4	8,831.6
Weighted average number of equity shares outstanding during the year	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	59.87	73.86

3.32 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions is as under:

Provision for anticipated sales return:

(₹ in Million)

Particulars	As at 31 March 2018	As at 31 March 2017
Carrying amount at the beginning of the year	769.6	620.8
Add: Provision made during the year	655.7	574.4
Less: Amount utilised during the year	514.6	425.6
Carrying amount at the end of the year	910.7	769.6

3.33 Dividend paid and proposed:

Dividends on equity shares were declared and paid by the company during the year

Particulars	Dividend Per Equity Shares (₹)	Year ended 31 March 2018	Dividend Per Equity Shares (₹)	Year ended 31 March 2017
Dividend on Equity Shares	15.00	1,793.5	6.00	717.4
Dividend Distribution Tax		365.1		146.0
TOTAL		**2,158.6**		**863.4**

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for the year ended 31 March 2018

After the reporting dates the following dividend (excluding dividend distribution tax) was proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Particulars	Dividend Per Equity Shares (₹)	Year ended 31 March 2018	Dividend Per Equity Shares (₹)	Year ended 31 March 2017
Final Dividend on Equity Shares	7.00	837.0	9.00	1,076.1
Dividend Distribution Tax		170.3		219.0
TOTAL		**1,007.3**		**1,295.1**

3.34 Segment Reporting

The Company has presented data relating to its segments in its consolidated financial statements. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (IND AS-108) "Segment Reporting", no disclosures related to segments are presented in this standalone financial statement.

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures.

The Company's prinicipal related parties consist of its subsidiaries **(Refer list below)**, key managerial personnel and entities in which key management personnel and their relatives have significant influence ("Affiliates"). The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

List of Subsidiaries and Step down Subsidiaries

Subsidiaries and Step down Subsidiaries	Principal Place of Business	% Shareholidng and Voting Power	
		As at 31 March 2018	As at 31 March 2017
Alkem Laboratories (NIG) Limited (Liquidated with effect from 6 May 2018)	Nigeria	100%	100%
Alkem Laboratories (PTY) Limited	South Africa	100%	100%
Alkem Pharma GmbH	Germany	100%	100%
Alkem Laboratories Corporation	Philippines	100%	100%
S & B Holdings B.V.	Netherlands	100%	100%
Pharmacor Pty Limited	Australia	100%	100%
ThePharmaNetwork, LLC (Wholly owned Subsidiary of S&B Holdings B.V)	United States of America	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Enzene Biosciences Ltd.	India	99.98%	100%
Alkem Laboratories Korea Inc	Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
S & B Pharma Inc.	United States of America	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Ascend Laboratories, LLC (Wholly owned by ThePharmanetwork, LLC)	United States of America	100%	100%
Ascend Laboratories (UK) Ltd.	United Kingdom	100%	100%
Cachet Pharmaceuticals Pvt. Ltd	India	58.8%	58.8%
Indchemie Health Specialities Pvt. Ltd.	India	51%	51%
Ascend Laboratories Ltd. **(with effect from 7 September 2017)** (Control over composition of a Board of Directors of Ascend Laboratories Ltd., Canada)	Canada	0%	NA
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA) **(with effect from 27 March 2018)**	Chile	100%	NA
Alkem Foundation **(with effect from 14 December 2017)**	India	100%	NA
Avenue Venture Real Estate Fund (till 9 March 2016) - **Refer sub note 3 of Note 3.2**	India	100%	100%

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for the year ended 31 March 2018

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Details of Transactions with Related Parties

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2018				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
		a	b	c	d	
1	Remuneration*	-	683.1	107.2	-	790.3
		-	(519.4)	(84.0)	-	(603.4)
2	Purchase of stock in trade	1,886.7	-	-	352.8	2,239.5
		(1,501.6)	-	-	(326.6)	(1,828.2)
3	Sale of Finished Goods	9,059.9	-	-	1.1	9,061.0
		(6,444.4)	-	-	(11.8)	(6,456.2)
4	Sale of Raw and Packing Materials	28.8	-	-	0.1	28.9
		(35.9)	-	-	(4.1)	(40.0)
5	Purchase of Raw and Packing Materials	7.9	-	-	115.0	122.9
		(6.8)	-	-	(82.9)	(89.7)
6	Services received	855.0	-	-	1.0	856.0
		(753.9)	-	-	(0.5)	(754.4)
7	Services rendered	2.1	-	-	7.0	9.1
		(0.2)	-	-	(8.8)	(9.0)
8	Rental Income	14.6	-	-	3.3	17.9
		(14.6)	-	-	(3.3)	(17.9)
9	Rent Expenses		0.6	3.5		4.1
		-	(0.6)	(3.5)	-	(4.1)
10	Investments made	1,397.2	-	-	-	1,397.2
		(3,158.2)	-	-	-	(3,158.2)
11	Dividend paid	-	348.5	376.9	380.3	1,105.7
		-	(197.0)	(227.0)	(0.9)	(424.9)
12	Loans Given	1,021.8	11.0	-	-	1,032.8
		(20.8)	-	-	-	(20.8)
13	Loans Repaid by	344.1	7.0	-	-	351.0
		(76.8)	(1.2)	-	-	(78.0)
14	Sale of PPE/Assets under construction	-	-	-	-	-
		(0.5)	-	-	-	(0.5)
15	Purchase of PPE/Intangible Assets	63.8	-	-	-	63.8
		(6.5)	-	-	-	(6.5)
16	Guarantee Commission	21.3	-	-	-	21.3
		(27.4)	-	-	-	(27.4)
17	Royalty Income	35.2	-	-	-	35.2
		-	-	-	-	-
18	Reimbursement of expenses to	269.2	-	-	-	269.2
		(252.3)	-	-	-	(252.3)
19	Reimbursement of expenses from	66.9	-	-	-	66.9
		(27.8)	-	-	(0.9)	(28.7)
20	Interest Income on loans given	36.3	-	-	-	36.3
		(32.1)	-	-	-	(32.1)
21	Assets/Bonds/Debentures/Fixed Deposits pledged against loan taken	2,150.0	-	-	-	2,150.0
		(1,433.0)	-	-	-	(1,433.0)

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for the year ended 31 March 2018

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2018				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
22	Dividend received	12.8	-	-	-	12.8
		-	-	-	-	-
23	Corporate Guarantee given for subsidiary	391.1	-	-	-	391.1
		(272.7)	-	-	-	(272.7)
24	Scrap Sale	0.8	-	-	-	0.8
		-	-	-	-	-

***Key management personnel remuneration**

Key management personnel remuneration comprised the following:

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Short term employee benefits	421.8	349.8
Post-employment benefits	96.3	20.2
Other long-term benefits	13.6	1.8
Remuneration paid to Chairman Emeritus	141.1	140.5
Commission/sitting fees to independent director	10.3	7.2

Based on the recommendation of the Nomination and Remuneration committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

All related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

Figures in the brackets are the comparative figures of the previous year.

Significant Related party transaction

(₹ in Million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2018	Year ended 31 March 2017
1	Purchase of stock in trade			
	Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary	1,038.5	528.6
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	848.2	973.0
	Galpha Laboratories Limited	Entities	352.8	326.6
2	Sale of Finished Goods			
	Ascend Laboratories, LLC	Step Down Subsidiary	7,294.3	5,473.1
3	Investments made			
	S&B Pharma Inc., USA	Subsidiary	-	1,549.6
	Enzene Biosciences Ltd. India	Subsidiary	1,250.0	1,032.6

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for the year ended 31 March 2018

Balance due from / to the related Parties

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Outstanding Receivables	4,572.3				4,572.3
2	Outstanding Payables	888.7			71.0	959.7
3	Investments (net of provision of ₹ **9.4 Million**)	11,050.9				11,050.9
4	Loans Receivable (net of provision for doubtful advances of ₹ **65.5 Million**)	995.6	10.9			1,006.5

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2017				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Outstanding Receivables (net of provision for doubtful debts of ₹ 105.2 Million)	3,184.3	-	-	-	3,184.3
2	Outstanding Payables	742.7	-	-	82.2	824.9
3	Investments	9,663.1	-	-	-	9,663.1
4	Loans Receivable (net of provision for doubtful advances of ₹ 35.2 Million)	335.5	6.7	-	-	342.2
5	Other current financial assets	68.5	-	-	-	68.5

Note:

1 Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013 (hereinafter referred to as "Act").

a) Loans and Advances in the nature of loans to subsidiaries (net of provision for doubtful advances) *:

(₹ in Million)

Sr. No.	Transactions	Relationship	As at 31 March 2018	Maximum balance outstanding during the year	As at 31 March 2017
i	Alkem Laboratories Corporation	Wholly Owned Subsidiary	332.1	332.1	191.3
ii	Alkem Pharma GmbH	Wholly Owned Subsidiary	6.8	6.8	2.2
iii	Enzene Biosciences Ltd.	Subsidiary	-	252.6	-
iv	Ascend Laboratories SpA	Wholly Owned Subsidiary	-	142.0	142.0
v	S & B Pharma Inc.	Wholly Owned Subsidiary	656.2	656.2	-
vi	Alkem Laboratories (PTY) Limited	Wholly Owned Subsidiary	0.5	0.5	-

*The above loans given during the year are given towards meeting working capital requirements and are repayable in accordance with the terms and conditions of loan agreements carry an interest rate in the range of 7% to 10% p.a. for foreign subsidiaries and 9.25% p.a. for Indian subsidiaries

b) Details of investments made under section 186 of the Act are given in Note 3.2 "Non Current Investments".

c) Securities pledged against loan taken by subsidiaries **

Sr. No.	Transactions	Relationship	As at 31 March 2018	As at 31 March 2017
i	The Pharma Network, LLC	Wholly owned Subsidiary of S&B Holdings B.V.	-	538.3
ii	S & B Pharma Inc.	Wholly Owned Subsidiary	1,929.5	753.6
iii	Ascend Laboratories SpA	Wholly Owned Subsidiary	220.5	86.1
iv	Cachet Pharmaceuticals Pvt. Ltd	Subsidiary	55.0	55.0

**The securities pledged against loans taken by subsidiaries are for the purpose of meeting working capital requirements

Notes

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d) The Company has issued corporate gurantee to its wholly owned subsidiary, Pharmacor Pty Limited, Australia amounting to ₹ **275.2 Million (AUD 5.5 Million)** (31 March 2017 ₹ 272.7 Million (AUD 5.5 Million)) and Ascend Laboratories SpA, Chile amounting to ₹ **391.1 Million (USD 6 Million)** (31 March 2017 ₹ Nil) in respect of loan taken to meet working capital requirements.

3.36 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The Company uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

(₹ in Million)

	As at 31 March 2018							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	51.6	51.6	-	-	-	-
Other Bank Balances	-	-	2,731.4	2,731.4	-	-	-	-
Non-current investments	412.9	-	12,601.5	13,014.4		412.9	-	412.9
Current investments	2,422.5	-	8.1	2,430.6	176.6	-	2,245.9	2,422.5
Non current loans	-	-	1,074.9	1,074.9	-	-	-	-
Current loans	-	-	343.8	343.8	-	-	-	-
Trade receivables	-	-	8,750.0	8,750.0	-	-	-	-
Other Non-current financial assets	-	-	253.0	253.0	-	-	-	-
Other Current financial assets	-	-	1,526.7	1,526.7	-	-	-	
	2,835.4	**-**	**27,341.0**	**30,176.4**	**176.6**	**412.9**	**2,245.9**	**2,835.4**
Financial liabilities								
Non current borrowings (Including current maturity of long term debts)	-	-	63.3	63.3	-	-	-	-
Current borrowings	-	-	5,411.9	5,411.9	-	-	-	-
Trade payables	-	-	8,185.6	8,185.6	-	-	-	-
Other Current financial liabilities	-	-	2,525.6	2,525.6	-	-	-	-
	-	**-**	**16,186.4**	**16,186.4**	**-**	**-**	**-**	**-**

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for the year ended 31 March 2018

(₹ in Million)

	As at 31 March 2017							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	199.9	199.9	-	-	-	-
Other Bank Balances	-	-	1,790.7	1,790.7	-	-	-	-
Non-current investments	443.7	-	11,812.7	12,256.4	-	443.8	-	443.8
Current investments	2,911.9	-	8.1	2,920.0	155.9	-	2,911.9	3,067.8
Non current loans	-	-	417.6	417.6	-	-	-	-
Current loans	-	-	247.0	247.0	-	-	-	-
Trade receivables	-	-	6,333.2	6,333.2	-	-	-	-
Other Non-current financial assets	-	-	2,902.3	2,902.3	-	-	-	-
Other Current financial assets	-	-	1,131.5	1,131.5	-	-	-	
	3,355.6	**-**	**24,843.0**	**28,198.6**	**155.9**	**443.8**	**2,911.9**	**3,511.6**
Financial liabilities								
Current borrowings	-	-	3,682.3	3,682.3	-	-	-	-
Trade payables	-	-	6,852.4	6,852.4	-	-	-	-
Other Current financial liabilities	-	-	1,945.2	1,945.2	-	-	-	-
	-	**-**	**12,479.9**	**12,479.9**	**-**	**-**	**-**	**-**

B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value:

a) **Level 1:** The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) **Level 2:** The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates.

c) **Level 3:** The fair value of the remaining financial instrument is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2018; 31 March 2017 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Units of Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/(decrease) if: ● the sale price were higher/(lower); ● the cost of construction were lower/(higher); or ● the absorption timelines will decrease/(increase).

There have been no transfers between Level 1 and Level 2 during the year.

Notes
for the year ended 31 March 2018

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in avenue venture real estate fund.

Particulars	(₹ in Million)
Opening Balance (1 April 2016)	2,719.0
Net change in fair value (unrealised)	37.0
Closing Balance (31 March 2017)	2,756.0
Opening Balance (1 April 2017)	2,756.0
Net change in fair value (unrealised)	(380.1)
Repayment	(130.0)
Closing Balance (31 March 2018)	2,245.9

Transfer out of Level 3

There has been no transfer out of Level 3 during the period

Sensitivity analysis

For the fair values of Avenue venture real estate fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

(₹ in Million)

Significant unobservable inputs	31 March 2018 Profit or loss		31 March 2017 Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	145.4	(145.4)	107.3	(130.6)
Cost of Construction - 5%	(51.9)	51.9	(85.7)	65.4
Absorption Timelines - 1 Year	(132.6)	223.6	(478.9)	177.3

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Notes
for the year ended 31 March 2018

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activites (primarily trade receivables) and from its financing/investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutul fund investments. The Company has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

Trade receivables are consisting of a large number of customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

At 31 March 2018, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

(₹ in Million)

	31 March 2018	31 March 2017
India	3,826.1	2,631.4
US	3,476.2	2,780.9
Other regions	1,447.7	920.9
	8,750.0	**6,333.2**

The Company's exposure to credit risk for trade receivables by type of counter party is as follows:

(₹ in Million)

	31 March 2018	31 March 2017
Stockists/distributors	4,177.7	3,148.9
Subsidiaries	4,572.3	3,184.3
	8,750.0	**6,333.2**

At 31 March 2018, the carrying amout of the Company's most significant customer (Ascend Laboratories LLC, its wholly owned step-down subsidiary) is ₹ **3,342.2 Million** (31 March 2017 ₹ 2,650.2 Million)

Impairment

As per simplified approach the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever.

The ageing of trade receivables that were not impaired was as follows.

(₹ in Million)

	31 March 2018	31 March 2017
Not past due	6,864.3	5,103.8
Past due 1–180 days	1,885.7	1,130.3
Past due more than 180 days	-	99.1
	8,750.0	**6,333.2**

Notes

for the year ended 31 March 2018

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

(₹ in Million)

	31 March 2018	31 March 2017
Balance as at the beginning of the year	252.9	229.9
Impairment loss recognised	31.0	23.0
Amounts written off	(120.0)	-
Balance as at the end of the year	**163.9**	**252.9**

Loans to subsidiaries

The Company has an exposure of ₹ **995.6 Million** as 31 March 2018 (₹ 335.5 Million: 31 March 2017) for loans given to subsidiaries. Such loans are classified as financial asset measured at amortised cost.

The Company did not have any amounts that were past due but not impaired at 31 March 2018 or 31 March 2017. The Company has no collateral in respect of these loans.

Investments, Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in subsidiaries, mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as on 31 March 2018 is ₹ **15,444,9 Million** (31 March 2017: ₹ 15,176.4 Million)

Debt securities:

The Company has an exposure of ₹ **1,558.4 Million** as at 31 March 2018 (₹ 2,310.3 Million: 31 March 2017) for debt securities classified as financial asset measured at amortised cost. All the debt securities have been issued by companies registered in India in Indian Rupees.

There has been no allowance for impairment in respect of such debt securities - financial asset measured at amortised cost till 31 March 2018.

Credit Rating of debt securities is given below:

Credit Rating	31 March 2018	31 March 2017
A +	20.0	20.0
AA	204.6	205.1
AA -	150.0	150.0
AA +	20.6	20.7
AAA	1,145.2	1,896.4
Not Rated	18.1	18.1
TOTAL	**1,558.5**	**2,310.3**

The Company did not have any debt securities that were past due but not impaired at 31 March 2018 ,31 March 2017. The Company has no collateral in respect of these investments.

Notes

for the year ended 31 March 2018

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's trade receivables are due for maturity within 21 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Million)

31 March 2018	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.3	283.8	-	2.9	2.9	11.6	266.4
Working capital loans from banks	5,411.9	5,411.9	5,411.9	-	-	-	-
Trade payables	8,185.6	8,185.6	8,185.6	-	-	-	-
Other Current financial liabilities	2,525.6	2,525.6	2,525.6	-	-	-	-

(₹ in Million)

31 March 2017	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Working capital loans from banks	3,682.3	3,682.3	3,682.3	-	-	-	-
Trade payables	6,852.4	6,852.4	6,852.4	-	-	-	-
Other Current financial liabilities	1,945.2	1,945.2	1,945.2	-	-	-	-

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Notes
for the year ended 31 March 2018

Currency risk

The Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to USD, EURO, GBP, CHF, KES and AUD. The Company has formulated hedging policy for monitoring its foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2018, 31 March 2017 in there respective currencies are as below:

	31 March 2018					
	EURO	GBP	USD	AUD	KES	CHF
Financial assets						
Non-current loans	84,423		16,175,360			
Trade and other receivables	1,423,287	3,777,773	71,489,955	4,692,779		
Cash and cash equivalents			10,272		1,547,415	
	1,507,710	**3,777,773**	**87,675,587**	**4,692,779**	**1,547,415**	**-**
Financial liabilities						
Long term borrowings						
Short term borrowings			61,500,000			
Trade and other payables	164,345	137,024	13,864,347	258,932		
Other Current financial liabilities	145,561	50,000	250,028			
	309,906	**187,024**	**75,614,375**	**258,932**	**-**	**-**
Net foreign currency exposure as at 31 March 2018	**1,197,804**	**3,590,749**	**12,061,212**	**4,433,847**	**1,547,415**	**-**

	31 March 2017					
	EURO	GBP	USD	AUD	KES	CHF
Financial assets						
Non-current loans	131,676	943	9,703,186	-	-	815,948
Trade and other receivables	1,160,236	411,466	53,078,382	5,388,418	-	-
	1,291,912	**412,409**	**62,781,568**	**5,388,418**	**-**	**815,948**
Financial liabilities						
Long term borrowings	-	-	-	-	-	-
Short term borrowings	-	-	39,000,000	-	-	-
Trade and other payables	-	77,441	19,864,197	136,915	-	-
Other Current financial liabilities	113,621	-	753,017	-	-	-
	113,621	**77,441**	**59,617,214**	**136,915**	**-**	**-**
Net foreign currency exposure as at 31 March 2017	**1,178,291**	**334,968**	**3,164,354**	**5,251,503**	**-**	**815,948**

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

INR	Year-end spot rate	
	31 March 2018	31 March 2017
EURO	80.81	69.29
GBP	92.28	80.90
USD	65.18	64.85
AUD	50.05	49.58
KES	0.65	0.63
CHF	68.50	64.83

Notes
for the year ended 31 March 2018

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2018		
10% movement		
EURO	9.7	(9.7)
GBP	33.1	(33.1)
USD	78.6	(78.6)
AUD	22.2	(22.2)
KES	0.1	(0.1)
	143.7	**(143.7)**

Effect in INR	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2017		
10% movement		
EURO	8.2	(8.2)
GBP	2.7	(2.7)
USD	20.5	(20.5)
AUD	26.0	(26.0)
CHF	5.3	(5.3)
	62.7	**(62.7)**

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in Million)

	31 March 2018	31 March 2017
Fixed-rate instruments		
Financial assets	5,986.5	7,740.1
Financial liabilities	1,466.9	1,153.2
	4,519.6	**6,586.9**
Variable-rate instruments		
Financial liabilities	4,008.3	2,529.1
	4,008.3	**2,529.1**
TOTAL	**511.3**	**4,057.8**

Notes
for the year ended 31 March 2018

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity.

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity.

3.37 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio was as follows.

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Total Borrowings	5,475.2	3,682.3
Less: Cash and cash equivalent	51.6	199.9
Net debt	**5,423.6**	**3,482.4**
Total equity	48,853.6	43,926.5
Net debt to equity ratio	**0.11**	**0.08**

3.38 Payment to auditors (excluding service tax/GST)

(₹ in Million)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
As Auditor		
Audit fees	14.8	10.8
In other capacity		
Taxation matters	0.5	1.0
In any other services such as certification, etc.	8.6	7.8
Reimbursement of out of pocket expenses	0.6	1.3
TOTAL	**24.5**	**20.9**

Notes
for the year ended 31 March 2018

3.39 The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Company during the year is ₹ **136.6 Million** (Previous year: ₹ 106.4 Million) The Company has spent ₹ **106.3 Million** (Previous Year: ₹ 61.8 Million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

		In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	-	-	-
		-	-	-
ii)	On purposes other than (i) above	106.3	-	106.3
		(61.8)	-	(61.8)

Figures in the brackets are the corresponding figures of the previous year.

3.40 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2018:

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 115 Revenue from Contracts with Customers ("Standard")

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective from 1 April 2018.

The core principle of Ind AS 115 is that an entity should recognise 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is evaluating the impact of this Standard on its financial statements.

Notes

for the year ended 31 March 2018

3.41 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹ **72.4 Million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 Million** for which the Company has subsequently received the claim amount post 31 March 2018. The factory has been constructed and in operation since October, 2012. These grants, recognised as deferred income, is being amortised over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

3.42 Asset Held for Sale

During the previous year, the Company has decided to sell land situated at Panoli GIDC, Gujarat, being no longer required for business purposes. Accordingly, the said land has been stated at its carrying value (being lower of its fair value less costs to sell) amounting to ₹ **18.2 Million** and is presented as "Asset held for sale" as on 31 March 2017. This has been subsequently sold during the year.

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

Samprada Singh
Chairman Emeritus
DIN. 00760279

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K.Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President – Legal & Company Secretary

P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Independent Auditor's Report

To the Members of
Alkem Laboratories Limited

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgement, 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, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements of nineteen subsidiaries whose financial statements reflect total assets of ₹ 16,501.5 Million as at 31 March 2018, total revenues of ₹ 11,414.3 Million and net cash outflows amounting to ₹ 73.8 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. These subsidiaries, reflect total assets of ₹ 6,541.4 Million as at 31 March 2018, total revenues of ₹ 4,596.6 Million and net cash outflows amounting to ₹ 171.9 Million for the year then ended, as considered in the consolidated Ind AS financial statements. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representation received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies is disqualified as on 31 March 2018 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure I and

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph:

The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 3.26 to the consolidated Ind AS financial statements;

The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018; and

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2018.

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

Sadashiv Shetty
Partner
Membership No: 048648

Place: Mumbai
Date: 30th May, 2018

Annexure I

to the Independent Auditor's Report – 31 March 2018 on the Consolidated Ind AS Financial Statements

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Sadashiv Shetty
Partner
Membership No: 048648

Place: Mumbai
Date: 30th May, 2018

Consolidated Balance Sheet

as at 31 March 2018

(₹ in Million)

Particulars			Note No.	As at 31 March 2018	As at 31 March 2017
I.	**ASSETS**				
1	**Non-current assets**				
	(a)	**Property, plant and equipment**	3.1	18,733.0	13,944.5
	(b)	**Capital work in progress**	3.1	3,809.7	2,992.6
	(c)	**Goodwill on consolidation**	3.37	3,454.0	3,448.4
	(d)	**Other Intangible assets**	3.1	649.0	577.5
	(e)	**Financial Assets**			
	(i)	Investments	3.2	1,964.7	2,594.4
	(ii)	Loans	3.3	222.2	215.0
	(iii)	Other financial assets	3.4	922.9	4,056.8
	(f)	**Deferred tax assets (net)**	3.7C	6,556.1	6,962.7
	(g)	**Non current tax assets (net)**	3.7D	292.5	367.9
	(h)	**Other non-current assets**	3.5	900.3	1,349.3
	Total Non-current assets			**37,504.4**	**36,509.1**
2	**Current assets**				
	(a)	**Inventories**	3.6	14,421.9	12,060.0
	(b)	**Financial Assets**			
	(i)	Investments	3.2	2,478.0	2,935.6
	(ii)	Trade receivables	3.8	10,805.0	7,136.4
	(iii)	Cash and cash equivalents	3.9	1,667.1	1,666.3
	(iv)	Bank balances other than (iii) above	3.10	4,100.7	2,326.3
	(v)	Loans	3.3	379.2	279.5
	(vi)	Other financial assets	3.4	1,567.4	1,119.5
	(c)	**Current Tax Assets (net)**	3.7D	-	216.9
	(d)	**Other current assets**	3.11	3,732.6	1,412.7
				39,151.9	**29,153.2**
	(e)	**Assets held for sale**	3.46	-	18.2
	Total Current assets			**39,151.9**	**29,171.4**
	TOTAL ASSETS			**76,656.3**	**65,680.5**
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a)	**Equity Share Capital**	3.12A	239.1	239.1
	(b)	**Other Equity**	3.12B	48,398.6	44,437.3
	Equity attributable to owners of the Company			48,637.7	44,676.4
	(c)	**Non-controlling interest**	3.38	1,215.5	1,152.3
	Total Equity			49,853.2	45,828.7
2	**Liabilities**				
2a	**Non-Current Liabilities**				
	(a)	**Financial Liabilities**			
	(i)	Borrowings	3.13	1,307.3	1,815.6
	(b)	**Provisions**	3.14	1,502.7	1,021.7
	(c)	**Deferred tax liabilities (net)**	3.7C	16.7	4.7
	(d)	**Other non-current liabilities**	3.15	143.3	112.9
	Total Non-Current Liabilities			**2,970.0**	**2,954.9**
2b	**Current liabilities**				
	(a)	**Financial Liabilities**			
	(i)	Borrowings	3.13	7,612.7	4,723.7
	(ii)	Trade payables	3.16	9,607.1	7,413.7
	(iii)	Other financial liabilities	3.17	4,344.9	2,658.9
	(b)	**Other current liabilities**	3.18	855.5	733.6
	(c)	**Provisions**	3.14	1,239.4	1,244.4
	(d)	**Current tax liabilities (net)**	3.7D	173.5	122.6
	Total Current Liabilities			**23,833.1**	**16,896.9**
	Total Liabilities			**26,803.1**	**19,851.8**
	TOTAL EQUITY AND LIABILITIES			**76,656.3**	**65,680.5**
Significant Accounting Policies			2A		
Notes to the Consolidated Ind AS Financial Statements			3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

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

Sadashiv Shetty
Partner
Membership No. 048648

Samprada Singh
Chairman Emeritus
DIN. 00760279

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K.Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President – Legal & Company Secretary

P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Mumbai
Date: 30th May, 2018

Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

(₹ in Million)

Particulars			Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
1	**Income**				
	(a)	Revenue from Operations	3.19	64,311.8	58,525.0
	(b)	Other Income	3.20	959.5	1,120.1
		Total Income		**65,271.3**	**59,645.1**
2	**Expenses**				
	(a)	Cost of materials consumed	3.21	15,672.3	14,493.2
	(b)	Purchases of Stock-in-Trade		10,358.9	10,618.1
	(c)	Changes in inventories of finished goods, Stock-in-trade and work-in-progress	3.22	(902.2)	(2,896.0)
	(d)	Employee benefits expense	3.23	11,916.4	10,038.5
	(e)	Finance Cost	3.24	553.3	451.6
	(f)	Depreciation and amortisation expense	3.1	1,430.3	1,011.7
	(g)	Other expenses	3.25	16,982.5	16,281.7
		Total Expenses		**56,011.5**	**49,998.8**
3	**Profit before tax (1) - (2)**			**9,259.8**	**9,646.3**
4	**Tax expense**		3.7A		
	(a)	Current tax		2,425.2	2,452.8
	(b)	Deferred tax (net)		450.4	(1,853.2)
	Total Tax Expenses			**2,875.6**	**599.6**
5	**Profit for the year (3) - (4)**			6,384.2	9,046.7
6	**Profit attributable to Non-Controlling Interest**		3.38	(74.8)	(126.4)
7	**Profit attributable to Owners of the Parent (5) - (6)**			**6,309.4**	**8,920.3**
8	**Other Comprehensive Income**				
	(a)	Items that will not be reclassified to profit or loss			
	(i)	Remeasurements of defined benefit plans	3.29	(105.4)	(64.5)
	(ii)	Tax on Remeasurements of defined benefit plans	3.7A	37.1	22.3
	(b)	Items that will be reclassified to profit or loss			
	(i)	Foreign Currency Translation difference of Foreign operations		(121.3)	(189.4)
	Total of Other Comprehensive Income for the year, net of tax			**(189.6)**	**(231.6)**
9	**Other Comprehensive income attributable to Non-Controlling Interest**		3.38	(1.1)	2.4
10	**Other Comprehensive income attributable to Owners of the Parent (8)- (9)**			**(190.7)**	**(229.2)**
11	**Total Comprehensive Income for the year (5) + (8)**			6,194.6	8,815.1
12	**Total Comprehensive income attributable to Non-Controlling Interest (6) + (9)**			(75.9)	(124.0)
13	**Total Comprehensive income attributable to Owners of the Parent (11)- (12)**			**6,118.7**	**8,691.1**
14	**Earnings per share (in ₹): Face value of ₹ 2 each**				
	Basic / Diluted earnings per share		3.34	52.77	74.61
Significant Accounting Policies			2A		
Notes to the Consolidated Ind AS Financial Statements			3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

Samprada Singh
Chairman Emeritus
DIN. 00760279

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K.Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President – Legal & Company Secretary

P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

(A) EQUITY SHARE CAPITAL

(₹ in Million)

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Balance at the beginning of the reporting period	119,565,000	239.1	119,565,000	239.1
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(B) OTHER EQUITY

(₹ in Million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to Owners of the Parent	Total other equity attributable to Non-controlling interest	Total Other Equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained Earnings	Exchange differences on translation of Foreign operations	Remeasurement of Defined benefit plans			
Balance as at 1 April 2016	5.2	0.2	19,550.5	16,978.4	149.6	(3.4)	36,680.4	950.2	37,630.6
Total Comprehensive Income for the year ended 31 March 2017									
Profit for the year	-	-	-	8,920.3	-	-	8,920.3	126.4	9,046.7
Other Comprehensive Income for the year (net of tax)	-	-	-	-	(189.4)	(39.8)	(229.2)	(2.4)	(231.5)
Total Comprehensive Income for the year	**-**	**-**	**-**	**8,920.3**	**(189.4)**	**(39.8)**	**8,691.1**	**124.0**	**8,815.2**
Dividend on Equity Shares (Refer Note 3.36)	-	-	-	(717.4)	-	-	(717.4)		(717.4)
Dividend Distribution Tax	-	-	-	(146.0)	-	-	(146.0)	-	(146.0)
Employee compensation expense for the year (Refer Note 3.45)	-	3.7	-	-	-	-	3.7	-	3.7
Addition on account of capital reserve	2.0	-	-	-	-	-	2.0	1.9	3.9
Decrease in equity on acqusition of additional stake in subsidiary (Refer Note 3.38)	-	-	-	(76.6)	-	-	(76.6)	76.2	(0.4)
Transfer to General Reserve from Retained Earnings	-	-	140.0	(140.0)	-	-	-	-	-
Balance as at 31 March 2017	**7.2**	**3.9**	**19,690.5**	**24,818.7**	**(39.8)**	**(43.2)**	**44,437.3**	**1,152.3**	**45,589.6**
Total Comprehensive Income for the year ended 31 March 2018									
Profit for the year	-	-	-	6,309.4	-	-	6,309.4	74.8	6,384.1
Other Comprehensive Income for the year (net of tax)	-	-	-	-	(121.3)	(69.4)	(190.7)	1.1	(189.5)
Total Comprehensive Income for the year	**-**	**-**	**-**	**6,309.4**	**(121.3)**	**(69.4)**	**6,118.7**	**75.9**	**6,194.6**
Dividend on Equity Shares (Refer Note 3.36)	-	-	-	(1,793.5)	-	-	(1,793.5)	(12.8)	(1,806.3)
Dividend Distribution Tax	-	-	-	(370.2)	-	-	(370.2)	-	(370.2)
Employee Stock option exercised	-	(0.2)	-	-	-	-	(0.2)	-	(0.2)
Employee compensation expense for the year (Refer Note 3.45)	-	6.5	-	-	-	-	6.5	-	6.5
Transfer to General Reserve from Employee stock option outstanding account	-	(0.3)	0.3	-	-	-	-	-	-
Transfer to General Reserve from Retained Earnings	-	-	180.0	(180.0)	-	-	-	-	-
Balance as at 31 March 2018	**7.2**	**9.9**	**19,870.8**	**28,784.4**	**(161.1)**	**(112.6)**	**48,398.6**	**1,215.5**	**49,614.1**

The Description of the nature and purpose of each reserve within equity:

Capital Reserve: Capital reserve represents investment subsidies from state government

Employee Stock Options Outstanding Account: The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends paid to shareholders.

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

Samprada Singh Chairman Emeritus DIN. 00760279	**B.N. Singh** Executive Chairman DIN. 00760310	**Sandeep Singh** Managing Director DIN. 01277984
D.K.Singh Joint Managing Director DIN. 00739153	**B.P. Singh** Executive Director DIN. 00739856	**M.K. Singh** Executive Director DIN. 00881412
Rajesh Dubey President Finance & Chief Financial Officer	**Manish Narang** President – Legal & Company Secretary	**P.V. Damodaran** Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Consolidated Statement of Cash Flow

for the year ended 31 March 2018

(₹ in Million)

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
A	**CASH FLOW FROM OPERATING ACTIVITY:**		
	Profit before Tax	9,259.8	9,646.3
	Adjustment to reconcile profit before tax to net cash flow:		
	Depreciation and amortisation expense	1,430.3	1,011.7
	Profit on sale of investments	(46.1)	(24.8)
	Unrealised loss/(gain) on fair valuation of investments	265.0	(3.2)
	Loss on sale of property plant and equipment (net)	5.6	20.6
	Employee stock compensation expenses	6.5	3.7
	Unrealised foreign currency gain on revaluation (net)	(318.4)	(102.0)
	Dividend Income	-	(0.8)
	Interest Income	(787.2)	(1,201.6)
	Interest expenses	553.3	609.7
	Bad Debts/Advances written off	45.9	15.3
	Provision of doubtful debts	18.9	26.2
	Rent income	(5.3)	(24.7)
	Subtotal of Adjustments	**1,168.5**	**330.2**
	Operating profit before working capital changes	10,428.3	9,976.5
	Changes in working capital:		
	Increase in trade receivables	(5,455.5)	(1,609.0)
	Increase in loans,other financial assets and other assets	(1,114.0)	(269.3)
	Increase in inventories	(2,356.5)	(3,034.7)
	Increase in trade payable, other financial liabilities and other liabilities	2,939.6	1,959.6
	Increase in provisions	351.6	327.9
	Subtotal of adjustments	**(5,634.8)**	**(2,625.5)**
	Cash generated from operations	4,793.5	7,351.0
	Less: Income taxes paid (net of refund)	(2,031.7)	(2,639.6)
	Net Cash generated from operating activities	**2,761.8**	**4,711.4**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchases of property,plant and equipment	(6,837.5)	(6,448.4)
	Sale of property,plant and equipment	67.1	104.6
	Proceeds from sale of investments (net)	867.7	-
	Purchase of Investments (net)	-	(416.5)
	Capital subsidy received	-	3.9
	Redemption in bank deposits having maturity of more than 3 months	1,436.5	2,639.8
	Dividend received	-	0.8
	Interest received	787.2	1,231.7
	Rent received	5.3	24.7
	Net cash (used in) investing activities	**(3,673.7)**	**(2,859.3)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds of non current borrowings	146.1	354.1
	Proceeds/(Repayment) of current borrowings	3,428.1	(233.3)
	Proceeds from issue of shares	0.6	-
	Dividends and corporate dividend tax paid	(2,175.9)	(863.4)
	Interest and bank charges paid	(553.3)	(636.2)
	Net cash generated from/(used in) financing activities	**845.6**	**(1,378.8)**
D	**NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)**	(66.3)	473.1
E	**CASH & CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR**	1,666.3	1,270.5
	Add/Less:Effect of exchange difference on foreign currency cash and cash equivalents	67.1	(77.3)
F	**CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR (D+E)**	**1,667.1**	**1,666.3**

Consolidated Statement of Cash Flow

for the year ended 31 March 2018

(₹ in Million)

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"

2 Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year

3 The amendment to Ind AS 7 Cash flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendement has become effective from 1 April 2017 and the required disclosure is made below: There is no other impact on the financial statement due to this amendement.

	Non current borrowings (including current maturity of long-term borrowings)	Current borrowings
As at 1 April 2016	1,933.3	4,641.7
Cash flows from borrowing during the year (net)	354.1	(233.3)
Non Cash Items (Foreign exchange changes)	(416.4)	315.3
As at 31 March 2017	**1,870.9**	**4,723.7**
Cash flows from borrowing during the year (net)	146.1	3,428.1
Non Cash Items (Foreign exchange changes)	345.9	(539.1)
As at 31 March 2018	**2,362.9**	**7,612.7**
Significant Accounting Policies	Note 2A	
Notes to the Consolidated Ind AS Financial Statements	Note 3	

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

Samprada Singh
Chairman Emeritus
DIN. 00760279

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K.Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President – Legal & Company Secretary

P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

Notes
to the consolidated Ind AS financial statements

1 GENERAL INFORMATION

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

2A SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of Consolidated Ind AS Financial Statements ("financial statement"):

a) Statement of compliance

The consolidated financial statements of the Group as at and for the year ended 31 March 2018 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

The consolidated Financial statements are prepared in Indian rupees rounded off to the nearest million except for share data and per share data, unless otherwise stated.

The consolidated financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 30 May 2018.

b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2B. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group presents assets and liabilities in Consolidated Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These consolidated financial statements are prepared under historical cost convention unless otherwise indicated.

d) Functional and Presentation Currency

These consolidated financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities it controls, both unilaterally and jointly.

Notes
to the consolidated Ind AS financial statements

(a) Accounting for Subsidiaries

A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and profits/losses, unless cost/revenue cannot be recovered.

The details of the subsidiaries consolidated are as follows:

Name of Subsidiaries	Principal place of Business	% of Shareholding and voting power	
		As at 31 March 2018	As at 31 March 2017
Alkem Laboratories Corporation	Philippines	100%	100%
Alkem Laboratories Pty Ltd	South Africa	100%	100%
S & B Holdings B.V	Netherlands	100%	100%
Alkem Pharma Gmbh	Germany	100%	100%
Pharmacor Pty Ltd	Australia	100%	100%
The PharmaNetwork LLC*	USA	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
S & B Pharma Inc	USA	100%	100%
Enzene Biosciences Limited ("EBL")	India	99.98%	100%
Ascend Laboratories, LLC**	USA	100%	100%
Alkem Laboratories, Korea Inc	Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
Alkem Laboratories (NIG) Limited#	Nigeria	100%	100%
Cachet Pharmaceuticals Private Limited ("CPPL")	India	58.8%	58.8%
Indchemie Health Specialities Private Limited ("IHSPL")	India	51%	51%
Avenue Venture Real Estate Fund (till 9 March 2016)	India	100%***	100%***
Ascend Laboratories Ltd. (with effect from 7 September 2017)##	Canada	0%	0%
Pharma Network SpA (with effect from 27 March 2018)###	Chile	100%	0%
Alkem Foundation (with effect from 14 December 2017)	India	100%	0%

*Ownership interest held through S & B Holding B.V., Netherlands

** Ownership interest held through The PharmaNetwork LLC

*** Pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Group in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Real Estate Fund ("Fund") by entering into an option agreement with Mr.Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties. This has resulted into a loss of control of the Group in the Fund and accordingly is not consolidated w.e.f 9 March 2016. During the year the Company has renewed the option agreement as approved in its Board meeting held on 9 February 2018 for a period of 2 years.

#deemed to be dissolved with effect from 6 May 2018

##Control over composition of a Board of Directors of Ascend Laboratories Ltd., Canada

###Ownership interest held through Ascend Laboratories SpA

Notes
to the consolidated Ind AS financial statements

(b) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable asset at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

(c) Loss of control

When the Group losses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, any related NCI and other component of equity. Any interest retained in the form of subsidiary is measured at fair value at the date control is lost. Any resulting gain or loss is recognised in profit or loss.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Business Combination

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see Note 3.37). Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combination between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities is restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

2.3 Property, plant and equipment ("PPE")

i) Recognition and Measurement

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

c) Any gain or loss on disposal of an item of property plant and equipment is recognised in consolidated statement of profit and loss.

d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Notes
to the consolidated Ind AS financial statements

iii) Depreciation and Amortisation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which is asset is ready to use /(disposed of). Freehold land is not depreciated.

In case of following assets, the assessed useful life is as under:-

PPE	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Nigeria	Subsidiary in Philippines/ United Kingdom	Subsidiary in South Africa	Subsidiary in Chile	Subsidiary in Kazakhstan
Buildings	5-59 years	-	-	-	-	-	-	-
Leasehold land	Over the period of lease	7 - 40 years	-	-	-	-	-	-
Plant and machinery	1 - 20 years	5 - 7 years	-	-	-	-	-	-
Furniture and fixtures	10 years	7 years	5 years	5 years	3 Years	6 Years	10 Years	5 - 6 Years
Office equipment	3 - 6 years	5 years	2.5 - 5 years	5 years	3 Years	3 Years	3 - 10 years	2.5 - 4 Years
Vehicle	8 years	5 years	-	4 years	-	-	8 years	3 -6 Years

2.4 Intangible Assets:

I. Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Goodwill	Goodwill is initially recognised based on the accounting policy for business combinations (refer note 2.2 (f)). These assets are not amortised but are tested for impairment annually.

II. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Consolidated Statement of profit and loss as incurred.

III. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Consolidated Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate

Notes
to the consolidated Ind AS financial statements

The estimated useful lives for current and comparative periods are as follows:

Intangible Assets	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Philippines
Trademark and patents	5 years	5 years	-	-
Computer Software	3 - 6 years	3 years	3 years	3 Years
Intangible assets – Technology	-	15 years	-	-

2.5 Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Operating Leases/ Finance lease:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease: Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease: Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

2.7 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Notes
to the consolidated Ind AS financial statements

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition."

Notes
to the consolidated Ind AS financial statements

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when it terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Equity instruments

Equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

2.9 Inventories:

a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

Notes
to the consolidated Ind AS financial statements

b) Finished Goods and Work–in–Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Revenue Recognition:

a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Group and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Sales are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns. Additionally in case of Subsidiaries in the U.S. customer rebates are estimated at the end of every reporting period, based on direct or indirect sales. If the sales are direct (sales made to end use customers directly by the Company), the rebates are recognised when products are sold and a periodic credit is given. For indirect sales (sales to end use customers through wholesale customers), the rebates are recognised based on the terms with such customer and validated against available chargeback data. Medicaid rebates are estimated based on the historical data the Company receives from the public sector benefit providers, which is based on the final dispensing of the products by a pharmacy to a benefit plan participant.

b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made

c) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

d) Dividend from investment is recognised as revenue when right to receive the payments is established.

e) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

2.11 Foreign currencies

i. Foreign Exchange Transactions:

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign operations:

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated into INR the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Notes
to the consolidated Ind AS financial statements

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

2.12 Employee Benefits:

a) Post Employment Benefits and Other Long-term Benefits:

i) Defined Contribution Plan:

Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss The Group's contribution towards provident fund and superannuation fund for eligible employees are considered to be defined contribution plan for which the Group made contribution on monthly basis.

ii) Defined Benefit and Other Long-term Benefit Plans:

Group's liabilities towards defined benefit plans and other long-term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of other comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

b) Short-term Employee Benefits:

Short-term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

2.13 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates {and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence, it is presented as Deferred Tax Asset.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a

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transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets- unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.14 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

2.15 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

2.16 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.17 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

2.19 Employee Stock option Scheme

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black Scholes Model.

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The fair value determined at the grant date of the equity-settled share-based payments, is charged to Profit and Loss on the straight-line basis over the vesting period of the option, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The employee stock option outstanding account is shown net of unamortised deferred employee compensation expenses.

2.20 Segment Reporting

The Group operates in one reportable business segment i.e. "Pharmaceuticals.

2.21 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

2B KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in **Note 2A** to the consolidated financial statements, 'Significant accounting policies'.

a. Determination of control of subsidiaries and joint arrangement

Judgement is required to determine whether the Company has control or joint control, which requires an assessment of the relevant activities (those including establishing operating and capital decisions of the arrangement, such as: the approval of the budget including capital expenditure of the programme for each year, determining the funding structure and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of the Company or require unanimous consent. Judgement is also required in determining the classification of joint arrangement between a joint venture and a joint operation through an evaluation of the rights and obligations arising from the arrangement. Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements-under full consolidation method, equity method or proportionate share of assets and liabilities.

b. Determination of functional currency of foreign operations

Judgement is required to determine the functional currency of foreign operations, which requires evaluation of the primary economic environment in which the foreign operations operate. Factors that are considered in such evaluation include:-

(i) the currency that mainly influences sales price for goods;

(ii) the currency of the country whose competitive forces and regulations mainly determine the the sales price of goods;

(iii) the currency that mainly influences labour, material and other costs of providing goods or services;

(iv) the currency in which funds from financing activities;

(v) the currency in which receipts from operating activities are usually retained.

(vi) whether the activities of the foreign operation are carried out as an extension of the reporting entity;

(vii) whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities;

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(viii) whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it; and

(ix) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

Differing conclusions around these judgements may materially impact how foreign exchange diffences arising on translation of these foreign operations are reported in the consolidated financial statements.

c. Estimate of current and deferred tax

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Consolidated Statement of Profit and Loss and tax payments.

d. Recognition of MAT credit entitlement

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

e. Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

f. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Consolidated Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

g. Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

h. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Company uses market-observable data to the extent it is available.

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Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note

i. Defined Benefit Plans:

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

j. Provision for anticipated sales return:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

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3.1 Property, plant and equipment and Other Intangible Assets

(₹ in Million)

Particulars	Property plant and equipment								Other Intangible assets					Capital work in progress
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Trade Mark & Patents	Technology	Goodwill	Total	
As at 1 April 2016	1,231.6	274.5	2,985.2	5,899.4	232.0	205.6	263.6	11,091.9	121.4	266.1	160.6	215.8	763.9	
Additions	11.8	251.2	1,241.2	2,802.4	60.1	87.7	192.9	4,647.3	44.3	-	-	-	44.3	
Adjustments	-	-	-	10.3	-	-	0.9	11.2	-	-	-	-	-	
Deletions	(15.0)	-	(2.0)	(120.5)	(18.2)	(17.8)	(0.5)	(174.0)	(1.5)	-	-	-	(1.5)	
Reclassification to assets held for sale	-	(20.2)	-	-	-	-	-	(20.2)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	(2.6)	(9.3)	(16.9)	(0.5)	0.9	(1.9)	(30.3)	(0.3)	-	(3.3)	(5.4)	(9.0)	
As at 31 March 2017	**1,228.4**	**502.9**	**4,215.1**	**8,574.7**	**273.4**	**276.4**	**455.0**	**15,525.9**	**163.9**	**266.1**	**157.3**	**210.4**	**797.7**	
As at 1 April 2017	1,228.4	502.9	4,215.1	8,574.7	273.4	276.4	455.0	15,525.9	163.9	266.1	157.3	210.4	797.7	
Additions	0.2	286.9	1,990.8	3,305.0	125.5	108.8	345.0	6,162.2	122.2	86.8	-	-	208.9	
Deletions	-	(7.5)	(21.4)	(56.0)	(1.4)	(28.9)	(9.4)	(124.6)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	0.3	5.8	5.4	0.0	0.2	1.0	12.8	(0.3)	0.5	0.8	-	1.0	
As at 31 March 2018	**1,228.6**	**782.6**	**6,190.4**	**11,829.0**	**397.6**	**356.4**	**791.5**	**21,576.2**	**285.8**	**353.4**	**158.1**	**210.4**	**1,007.7**	
Depreciation and Amortisation														
As at 1 April 2016	**-**	**4.9**	**76.3**	**567.6**	**40.3**	**31.9**	**60.6**	**781.6**	**38.3**	**58.2**	**12.9**	**-**	**109.4**	
Depreciation/amortisation for the year	0.1	7.6	94.1	637.9	42.0	36.3	80.4	898.4	42.0	58.2	13.1	-	113.3	
Adjustments	-	-	-	1.4	-	-	-	1.4	-	-	-	-	-	
Deductions	-	(0.1)	(0.6)	(61.3)	(17.9)	(8.7)	(1.3)	(89.9)	(1.5)	-	-	-	(1.5)	
Reclassification to assets held for sale		(2.0)	-	-	-	-	-	(2.0)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	0.0	0.3	(0.8)	(5.0)	(0.2)	(1.0)	(1.5)	(8.2)	(0.3)	-	(0.7)	-	(1.0)	
As at 31 March 2017	**0.1**	**10.8**	**169.0**	**1,140.6**	**64.2**	**58.5**	**138.2**	**1,581.4**	**78.5**	**116.4**	**25.3**	**-**	**220.2**	
As at 1 April 2017	0.1	10.8	169.0	1,140.6	64.2	58.5	138.2	1,581.4	78.5	116.4	25.3	-	220.2	
Depreciation/amortisation for the year	-	8.0	149.4	916.1	50.4	46.4	122.9	1,293.2	57.5	79.6	-	-	137.1	
Deductions	-	(0.2)	(0.1)	(14.8)	(1.0)	(16.5)	(0.8)	(33.4)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	0.0	0.2	1.6	(0.0)	0.1	0.1	2.0	0.2	1.2	-	-	1.4	
As at 31 March 2018	**0.1**	**18.6**	**318.5**	**2,043.5**	**113.6**	**88.5**	**260.4**	**2,843.2**	**136.2**	**197.1**	**25.3**	**-**	**358.6**	
Net Book Value														
As at 31 March 2017	1,228.3	492.1	4,046.1	7,434.1	209.2	217.9	316.8	13,944.5	85.4	149.7	132.0	210.4	577.5	2,992.6
As at 31 March 2018	**1,228.5**	**764.1**	**5,871.9**	**9,785.5**	**284.0**	**267.9**	**531.1**	**18,733.0**	**149.6**	**156.2**	**132.8**	**210.4**	**649.0**	**3,809.7**

Refer **Note 3.13** on Borrowings, for the details related to charge on Property, plant and equipment of the Company

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1. Addition to PPE include items of PPE aggregating ₹ **387.4 Million** (For the year ended 31 March 2017 ₹ 813.5 Million) located at Research and Development Centres of the Group.

2. Capital work in progress comprises expenditure in respect of various plants in the course of construction. Total amount of Capital work in progress is ₹ **3,809.7 Million** as at 31 March 2018 (31 March 2017: ₹ 1,174.4 Million). This amount also includes capitalised borrowing costs related to the construction of various plants of ₹ **56.6 Million** (For the year ended 31 March 2017: ₹ 44.6).

3. **Refer Note 3.27(1)** for contractual commitments with respect to property plant and equipments.

4. Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation expense	1,293.2	898.4
Amortisation expense	137.1	113.3
TOTAL	**1,430.3**	**1,011.7**

3.2 Investments:

A. Non-current Investments

(₹ in Million)

		As at 31 March 2018		As at 31 March 2017	
1)	In Equity Shares: [at fair value through profit and loss] Unquoted:		3.5		6.6
2)	Investment In Venture Capital Funds Unquoted: [at fair value through profit and loss]:		410.8		285.6
3)	Non Convertible Debentures: [at amortised cost]:				
	Unquoted	20.0		20.0	
	Quoted [Refer Note 4]	175.0	195.0	175.0	195.0
4)	Bonds: [at amortised cost]:				
	Quoted [Refer Note 4]		1,355.4		2,107.2
	TOTAL		**1,964.7**		**2,594.4**

Notes:

(₹ in Million)

		As at 31 March 2018		As at 31 March 2017	
		Cost	Market Value	Cost	Market Value
1)	Aggregate value of Unquoted Investments:	434.4	N.A.	312.3	N.A.
2)	Aggregate value of Quoted Investments:	1,530.4	1,530.4	2,282.2	2,282.2

3) All Investments in Shares & Securities are fully paid up except for investment in fund. **(Refer Note 3.27(2))**

4) Investments in 8% Indian Railway Finance Corporation Limited, 8.63% NHB Limited, 9.01% NHB Limited,11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ **1,378.0 Million** has been pledged against issuance of Stand by letter of credit required for Loan of US$ 25.0 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down subsidiary of the Company and Loan of US$ 35.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US$ 4 Million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company. With effect from **7 September 2017**, the said loans are secured by way of hypothecation over the whole of the moveable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India.

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B. Current Investments

(₹ in Million)

		As at 31 March 2018	As at 31 March 2017
1)	Investment in funds: (Unquoted) [at fair value through profit and loss]		
	Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) **(Refer sub note 3 of Note 3.2)**	2,245.9	2,756.0
2)	Equity Shares: a. Quoted [at fair value through profit and loss]	47.4	15.6
3)	Investment In Mutual Funds Quoted: [at fair value through profit and loss]:	176.6	155.9
4)	Preference Shares: (Unquoted): [at amortised cost]	8.1	8.1
	TOTAL	**2,478.0**	**2,935.6**

Notes:

(₹ in Million)

		Book Value	Market Value	Book Value	Market Value
1)	Aggregate value of Quoted investments	224.0	224.0	171.5	171.5
	Aggregate value of Unquoted investments	2,254.0	N.A.	2,764.2	N.A.

2) All Investments in Shares & Securities are fully paid up.

3) During the year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Venture Real Estate Fund ("Fund") by entering into an option agreement with Mr.Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties. During the year the Company has renewed the option agreement as approved in its Board meeting held on 9 February 2018 for a period of 2 years.

3.3 Loans:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
A. Non-Current Loans		
(Unsecured, Considered Good unless otherwise stated)		
Security Deposits	145.3	135.9
Other Receivables	76.9	79.1
TOTAL	**222.2**	**215.0**
B. Current Loans		
(Unsecured, Considered Good unless Otherwise stated)		
Loans to employees *	273.5	165.9
Security Deposits	105.7	113.6
TOTAL	**379.2**	**279.5**

*Loan to employees includes loan to related party of ₹ **10.9 Million** (31 March 2017: ₹ 6.7 Million) **(Refer Note 3.32)**

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3.4 Other Financial Assets:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
A. Other Non-current financial assets		
(Unsecured, Considered Good unless otherwise stated)		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months	830.0	3,993.0
Interest on Deposits, accrued but not due	15.8	29.4
Other Receivable	27.1	34.4
Incentive Receivable from Government	50.0	-
	922.9	**4,056.8**

Note:-

Bank Deposits of ₹ **272.0 Million** (31 March 2017 ₹ 1,987.8 Million) is under lien with the Banks against Over Draft Facility of the Company.

Bank Deposits of ₹ **55.0 Million** (31 March 2017 ₹ 55.0 Million) has been pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
B. Other current financial assets		
(Unsecured, Considered Good unless otherwise stated)		
Interest on Deposits, accrued but not due	134.0	221.8
Other Receivables*	34.7	63.8
Incentive Receivable from Government	1,398.7	833.9
TOTAL	**1,567.4**	**1,119.5**

*Includes insurance claim receivable ₹ **24.7 Million** (31 March 2017 ₹ 10.4 Million)

3.5 Other non-current assets

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances	691.9	1,156.6
Balances with Government Authorities	189.4	172.9
Other advances	17.7	18.3
Prepaid expenses	1.3	1.5
	900.3	**1,349.3**

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3.6 Inventories:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Raw and packing materials	4,048.0	2,633.4
Goods-in-transit	20.7	17.6
	4,068.7	**2,651.0**
Work-in-Progress	481.9	587.0
Finished Goods	2,529.1	2,794.8
Goods-in-Transit	955.4	262.9
	3,484.5	**3,057.7**
Stock-in-Trade	6,185.6	5,542.6
Goods-in-Transit	201.2	221.7
	6,386.8	**5,764.3**
TOTAL	**14,421.9**	**12,060.0**

Note:

1. The Group follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year ended 31 March 2018 is ₹ **332.9 Million** (31 March 2017: ₹ 682.4 Million)

2. Refer **Note 3.13** on Borrowings, for the details related to charge on inventories lying with the Group.

3.7 Income Taxes

(A) Components of Income Tax Expenses

(i) Amounts recognised in profit and loss

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax:		
Current period tax	2,425.2	2,452.8
	2,425.2	**2,452.8**
Deferred tax:		
Minimum Alternate Tax (MAT) credit entitlement	-	(1,915.3)
Decrease in Tax Rate in US #	448.7	-
Origination and reversal of temporary differences	1.7	61.4
Increase in tax rate	-	0.7
	450.4	**(1,853.2)**
TAX EXPENSE FOR THE YEAR	**2,875.6**	**599.6**

(ii) Amounts recognised in other comprehensive income

(₹ in Million)

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(105.4)	37.1	(68.3)	(64.5)	22.3	(42.2)
	(105.4)	**37.1**	**(68.3)**	**(64.5)**	**22.3**	**(42.2)**

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(B) Reconciliation of effective tax rate

(₹ in Million)

	(%)	For the year ended 31 March 2018	(%)	For the year ended 31 March 2017
Profit before tax		9,259.8		9,646.3
Tax using the Company's statutory tax rate	34.6%	3,203.9	34.6%	3,337.6
Increase in tax rate	0.0%	-	0.0%	0.7
Tax effect of:				
Differences in tax rates in foreign jurisdiction	0.0%	-	0.0%	2.6
Decrease in Tax Rate in US#	4.8%	448.7		
Additional deduction allowed under Income Tax Act	-7.9%	(734.7)	-26.5%	(2,552.8)
Expense not deductible for tax purposes	0.5%	44.8	0.8%	76.2
Additional allowances under Income Tax Act	-2.1%	(195.6)	-5.9%	(566.0)
Recognition of previously unrecognised deferred tax	0.0%	-	-0.1%	(12.8)
Unrecognised deferred tax asset in subsidiaries	2.7%	247.4	2.9%	281.0
Utilisation of previously derecognised MAT credit##	-2.4%	(217.7)	0.0%	-
Others	0.9%	78.8	0.3%	33.1
	31.1%	**2,875.6**	**6.2%**	**599.6**

#In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted in to law on 22 December 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in Federal corporate tax rate from 35% to 21%. Consequent to this enactment, the Group has re-measured the deferred tax assets and liabilities pertaining to the US operations based on the new tax law and this resulted in a one time charge of ₹ **448.7 Million** for the year ended 31 March 2018.

##During the year ended 31 March 2018, the Company has utilised Minimum Alternate Tax ("MAT") credit amounting to ₹ **217.7 Million** derecognised in the year ended 31 March 2016. The current tax charge for year ended 31 March 2018 is after MAT credit of said amount.

C. Movement in deferred tax assets and liabilities

(₹ in Million)

	31 March 2018					
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
	₹	₹	₹	₹	₹	₹
Deferred Tax Liabilities						
Property, plant and equipment and Intangible assets	(674.4)	(662.8)	-	(1,337.2)	-	1,337.2
Investments	(319.6)	91.7	-	(228.0)	-	228.0
Borrowings	(0.1)		-	(0.1)	-	0.1
Deferred Tax Assets						
Inventories	229.8	39.9		269.7	269.7	-
Employee benefits	430.8	78.0	37.1	545.8	545.8	-
Trade Receivable	119.0	(22.6)	-	96.4	96.4	-
Deferred government grant	45.8	9.3	-	55.1	55.1	-
Other items	62.3	(17.6)	-	44.8	44.8	-
Tax Losses Carried Forward	55.5	33.7	-	89.2	89.2	-
MAT credit entitlement	7,009.0	(5.3)	-	7,003.7	7,003.7	-
Tax assets (Liabilities)	**6,958.0**	**(455.7)**	**37.1**	**6,539.4**	**8,104.7**	**1,565.3**
Offsetting of deferred tax assets and deferred tax liabilities					(1,548.6)	(1,548.6)
Net tax assets	**6,958.0**	**(455.7)**	**37.1**	**6,539.4**	**6,556.1**	**16.7**

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(₹ in Million)

	31 March 2017					
	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
	₹	₹	₹	₹	₹	₹
Deferred Tax Liabilities						
Property, plant and equipment and Intangible assets	(461.7)	(212.7)	-	(674.4)	-	674.4
Investments	(298.2)	(21.4)	-	(319.6)	-	319.6
Borrowings	(0.7)	0.6	-	(0.1)	-	0.1
Deferred Tax Assets						
Inventories	200.5	29.3	-	229.8	229.8	-
Employee benefits	351.3	57.2	22.3	430.8	430.8	-
Trade Receivable	112.0	7.0	-	119.0	119.0	-
Deferred government grant	10.8	35.0	-	45.8	45.8	-
Other items	53.1	9.2	-	62.3	62.3	-
Tax Losses Carried Forward	82.0	(26.5)	-	55.5	55.5	-
MAT credit entitlement	5,103.0	1,906.0	-	7,009.0	7,009.0	-
Exchange rate difference	-	69.5	-	-	-	-
Tax assets (Liabilities)	**5,152.1**	**1,853.2**	**22.3**	**6,958.1**	**7,952.2**	**994.1**
Offsetting of deferred tax assets and deferred tax liabilities					(989.5)	(989.5)
Net tax assets	**5,152.1**	**1,853.2**	**22.3**	**6,958.1**	**6,962.7**	**4.7**

The Company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

D. Tax assets and liabilities

(₹ in Million)

Particulars	As at 31 March 2018	As at 31 March 2017
Non Current tax assets (net)	292.5	367.9
Current tax assets (net)	-	216.9
Current tax liabilities (net)	173.5	122.6

E. Unrecognised deferred tax liability

A deferred tax liability in respect of temporary differences related to undistributed profit in subsidiaries has not been recognised amounting to ₹ **1,462.8 Million** (31 March 2017 ₹ 1,095.3 Million) because the Group controls the dividend policy of its subsidiary and the management is not expecting to distribute profit in the foreseeable future.

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F. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

₹ in Million

Particulars	31 March 2018		31 March 2017	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	28.3	8.1	(311.8)	(137.9)
Tax Losses	1,895.4	437.4	1,945.2	700.2
Unrecognised MAT Credit Entitlement		616.4		834.1
TOTAL	**1,923.7**	**1,061.9**	**1,633.4**	**1,396.4**

Tax Losses carried forward

₹ in Million

	Expiry Date	As at 31 March 2018	Expiry Date	As at 31 March 2017
Brought forward losses (allowed to carry forward for specified period)	2021-28	311.1	2019-25	196.2
Brought forward losses (allowed to carry forward for specified period)	2033-37	11.4	2031-32 onwards	413.8
Brought forward losses (allowed to carry forward for infinite period)		114.9		90.2
TOTAL		**437.4**		**700.2**

3.8 Trade Receivables:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
(Unsecured)		
Considered good	10,805.0	7,136.4
Considered doubtful	261.8	213.6
Less: Loss allowances	(261.8)	(213.6)
	10,805.0	**7,136.4**
TOTAL	**10,805.0**	**7,136.4**

Note:

1. Above Trade Receivables include amount due from related parties ₹ **Nil** (31 March 2017; ₹ 1.6 Million) - **Refer Note 3.32**

3.9 Cash and Cash Equivalents:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Cash on hand	5.3	5.6
Cheques and drafts on hand	33.2	70.8
Balance with Banks:		
In Current Accounts	1,490.3	971.8
In Deposit Accounts:		
Deposit with original maturity within three months	138.3	618.1
TOTAL	**1,667.1**	**1,666.3**

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3.10 Bank balances other than cash and cash equivalents:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Unpaid dividend account	0.6	-
Bank Deposits with maturity within 12 months	4,100.1	2,326.3
TOTAL	**4,100.7**	**2,326.3**

Note:

Bank Deposits of ₹ **2,919.9 Million** (31 March 2017 ₹ 1,532.9 Million) is under lien with banks against Overdraft facilities availed.

Bank Deposits of ₹ **Nil** (31 March 2017 ₹ 110.0 Million) are under lien towards bank guarantee given to the Bombay Stock Exchange ("BSE")

3.11 Other current assets:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
(Unsecured, Considered Good unless otherwise stated)		
Balances with Government Authorities	3,012.9	1,117.4
Advance to Suppliers:		
Considered Good	514.1	99.7
Considered Doubtful	66.8	52.0
	580.9	**151.7**
Less: Loss allowance	(66.8)	(52.0)
	514.1	**99.7**
Prepaid Expenses	205.6	195.6
TOTAL	**3,732.6**	**1,412.7**

3.12A Equity share capital:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Authorised:		
25,00,00,000 equity shares of ₹ 2/- each (31 March 2017 25,00,00,000 equity shares of ₹ 2/- each)	500.0	500.0
	500.0	**500.0**
Issued, Subscribed and Paid up:		
11,95,65,000 equity shares of ₹ 2/- each fully paid up (31 March 2017 11,95,65,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
TOTAL	**239.1**	**239.1**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	₹ in Mn	Number	₹ in Mn
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	119,565,000	239.1	119,565,000	239.1

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

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On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders:	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:				
Mr. Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	21.08%	25,205,800	21.08%
Mr. Basudeo Narain Singh	8,586,100	7.18%	8,479,950	7.09%
Mr. Tushar Kumar (shares held on behalf of Prasid Uno Family Trust)	7,533,360	6.30%	-	0.00%
Mr. Mritunjay Kumar Singh	7,511,875	6.28%	5,806,060	4.86%
Mr. Dhananjay Kumar Singh	7,466,260	6.24%	5,766,260	4.82%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%

(d) Aggregate Number of Bonus Shares Issued during the period and five preceding years:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalisation of General Reserves.

3.12B Other equity:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Capital Reserve:		
At the commencement of the year	7.2	5.2
Add: Addition during the year	-	2.0
At the end of the year	**7.2**	**7.2**
Employee stock options outstanding account:		
At the commencement of the year	3.9	0.2
Add: Employee compensation expenses for the year	6.5	3.7
Less: Employee Stock Option exercised	0.2	-
Less: Transfer to General Reserve	0.3	-
At the end of the year	**9.9**	**3.9**
General Reserve:		
At the commencement of the year	19,690.5	19,550.5
Add: Transferred from Retained Earnings/Employee Stock option outstanding account	180.3	140.0
At the end of the year	**19,870.8**	**19,690.5**
Retained Earnings:		
At the commencement of the year	24,818.6	16,978.4
Add: Profit for the year	6,309.4	8,920.3
	31,128.0	**25,898.7**
Less: Appropriations:		
Loss on Acquisition of Minority Interest	-	76.6
Transfer to General Reserve	180.0	140.0
Dividend on Equity Shares	1,793.5	717.4
Dividend Distribution Tax	370.2	146.0
At the end of the year	**28,784.3**	**24,818.7**
Other Comprehensive Income:		
At the commencement of the year	(82.9)	146.2
Add: Other Comprehensive Income for the year	(190.7)	(229.2)
At the end of the year	**(273.6)**	**(83.0)**
TOTAL	**48,398.6**	**44,437.3**

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3.13 Borrowings:

(₹ in Million)

Name of the shareholders:	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
A. Non-current borrowings				
Secured:				
Term loans				
- from banks	1,155.1	1,748.0	1,055.6	55.3
- from other parties	2.8	2.1	-	
Finance Lease obligation **(Refer Note 3.30)**	63.3	-	-	-
Unsecured				
Term loans				
- from related parties **(Refer Note 3.32)**	72.2	50.2	-	-
- from other parties	13.9	15.3	-	-
TOTAL	**1,307.3**	**1,815.6**	**1,055.6**	**55.3**

Notes:

S&B Pharma Inc

Term loan from bank includes loan from Citi bank **US $ 15 Million (₹ 973.8 Million)**; (31 March 2017 US $ 8 Million (₹ 518.0 Million) due and payable in 6 equal semi-annual installments beginning February-2020. Quarterly interest only payments are required on the note until maturity at a variable rate equal to 1.25 and 1.6 percentage points over the 1-month LIBOR rate as at 31 March 2018 and 2017, respectively. The applicable monthly LIBOR rate at 31 March 2018 and 2017 was 1.8175% and 0.9817%, respectively

Term loan from bank includes loan from Citi bank **US $ 5.9 Million (₹ 386.3 Million)**; (31 March 2017 US $ 5.9 Million (₹ 385.2 Million) due and payable on 30 April 2018. Quarterly interest only payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.)

Term loan from bank includes loan from Citi bank **US$ 9.9 Million (₹ 644.3 Million);** (31 March 2017 US $ 9.9 (₹ 642.6 Million) due and payable on 20 September 2018. Quarterly interest only payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.)

The loans taken by S&B Pharma Inc (alongwith loan taken by Ascend Laboratories Spa, Chile, classified under current borrowings) are secured upto 6 September 2017 by issue of stand by letter of credit ("SBLC") by Citi bank India which is secured by bonds pledged aggregating to a face value of ₹ **1,378 Million.** With effect from 7 September 2017, the above loans are secured by way of hypothecation over the whole of the moveable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India.

Cachet Pharmaceuticals Private Limited ('CPPL')

Term loan from bank includes loan from The Saraswat Co-op Bank Ltd ₹ **181.3 Million** (31 March 2017 ₹ 202.2 Million) secured against mortgage of CPPL's land and building, plant and machinery situated at Plot No- 1582 to 1586 Baddi, Himachal Pradesh and at Plot No. C- 582 A, RIICO Industrial Area, Bhiwadi , Rajasthan . The Loan is further guaranteed by the Directors of CPPL. The loan carries interest at the rate of 12.50% p.a payable till 11 November 2020 in unequal installments.

Secured term loan from other parties consists of hire purchase loans from finance companies secured against the respective assets financed by them. The loan carries interest at the range of 9.65% to 12.5 % rate payable till 5 February 2019.

Unsecured loan from related parties carry interest at the rate of interest of 10% p.a will be repayable after a period of three years.

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Unsecured loan from others carry interest at the rate of 10% p.a and is repayable after a period of two years.

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
B. Current borrowings		
Secured		
Loans repayable on demand from banks	3,244.6	2,121.4
	3,244.6	**2,121.4**
Unsecured		
Working capital loan from banks	4,368.1	2,602.3
	4,368.1	**2,602.3**
TOTAL	**7,612.7**	**4,723.7**

Notes:

Secured:

The Company:

Loans repayable on demand from Banks include:

1. Overdrafts from Banks ₹ **1,043.8 Million** (31 March 2017 ₹1,080.0 Million) are secured against pledge of Fixed Deposits with the banks.

2. Overdraft Facilities carry a rate of Interest ranging between 7.50% to 9.00% p.a., computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Indchemie Health Specialities Private Limited ('IHSPL')

Overdraft from banks ₹ **331.0 Million** (31 March 2017 ₹ 362.7 Million) are secured against fixed deposits placed with respective banks.

This facility carries interest in the range of 7.85 % to 9.25%.

Cachet Pharmaceuticals Private Limited ('CPPL')

1. Overdraft from bank ₹ **50.0 Million** (31 March 2017 ₹ 50.0 Million) is against fixed deposit of ₹ **55.0 Million**.

2. Cash credit from banks ₹ **189.5 Million** (31 March 2017 ₹ 187.4 Million) is secured against CPPL's inventory, book debts and receivables.

3. Packing Credit (post shipment) from banks ₹ **56.7 Million** (31 March 2017 ₹ 39.1 Million) is secured against the export receivables backed by the letter of credit

4. The above loan facilities carry interest in the range of 2.5% to 12.5% and are repayable on demand.

Enzene Biosciences Limited

1. Overdraft from banks ₹ **9 Million** (31 March 2017 ₹ Nil) are secured against pledge of fixed deposit with the banks.

2. Overdraft facilities carry a rate of interest ranging between 7.0% to 7.50% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

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Ascend Laboratories SpA, Chile

Loan of **CLP 530 Million (₹ 56.8 Million)** (31 March 2017 CLP 1,338 Million (₹ 129.3 Million)) from Banco de Chile is repayable on demand and carries a fixed monthly interest rate of 0.48%. This loan is secured by corporate guarantee given by the Company and charge on working capital assets of Ascend Laboratories SpA, Chile.

Pharmacor Pty Limited, Australia

Term loan from bank of **AUD 5.5 Million (₹ 274.4 Million)** (31 March 2017 AUD 5.5 Million (₹ 272.9 Million) is repayable on demand with quarterly interest payable @ 3.5% p.a. This loan is secured by corporate guarantee given by the Company.

The Pharma Network, LLC, USA

Working Capital loan of **USD 19 Million (₹ 1,233.4 Million)** (31 March 2017 USD Nil) from bank includes revolving credit line taken on 3 October 2017 by The Pharma Network, LLC (along with by Ascend Laboratories, LLC) are secured upto USD 30 Million by issue of ABF Revolving Credit Facility by Citi bank NA which is secured by a continuing lien on security interest in all of the Collateral, whether in the form of cash or other property and whether tangible or intangible as well as Inventory, Receivables, Equipment and intellectual property. Interest on this Revolving Credit Facility is payable monthly in arrears on the first business day of each month at a rate equal to 1.55% plus daily LIBOR. This facility will mature three years after the closing date.

Unsecured:

The Company:

1. Working Capital Loan from banks comprises of Overdraft in ₹ of ₹ **359.9 Million** (31 March 2017; ₹ 73.2 Million) and Packing Credit in Foreign Currencies of ₹ **4,008.3 Million** (31 March 2017: ₹ 2,529.1 Million) and are repayable on demand.

2. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 1.50% to 2.75% and those in Indian Rupees carries Interest rate in the range of 7.5% to 9% p.a.

3.14 Provisions

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
A. Non-current provision		
Provisions for employee benefits		
Gratuity **(Refer Note 3.29)**	871.6	510.3
Compensated absences	276.9	212.5
Provision for anticipated sales returns **(Refer Note.3.35)**	354.2	298.9
TOTAL	**1,502.7**	**1,021.7**
B. Current provision		
Provision for employee benefits:		
Gratuity **(Refer Note 3.29)**	176.3	300.7
Compensated absences	328.2	294.7
Provision for anticipated sales returns **(Refer Note.3.35)**	734.9	649.0
TOTAL	**1,239.4**	**1,244.4**

3.15 Other Non Current Liabilities

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Deferred Income on government grant	143.3	112.9
TOTAL	**143.3**	**112.9**

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3.16 Trade Payables:

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Dues to Micro Enterprises and Small Enterprises **(Refer Note 3.28)**	1,228.7	1,009.0
Others	8,378.4	6,404.7
TOTAL	**9,607.1**	**7,413.7**

Due to related parties ₹ **80.7 Million** (31 March 2017: ₹ 82.2 Million) **(Refer Note 3.32)**

3.17 Other Financial Liabilities

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term debts in foreign currencies **(Refer Note 3.13)**	1,030.6	23.2
Current maturities of long-term debts in domestic currency **(Refer Note 3.13)**	25.0	32.1
Interest accrued but not due on borrowings	19.0	10.4
Employee payables	1,210.3	950.9
Security Deposits	198.7	146.2
Accrual for Expenses	1,860.7	1,496.1
Unpaid dividend*	0.6	-
TOTAL	**4,344.9**	**2,658.9**

* There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013.

3.18 Other Current Liabilities

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Due to statutory authorities*	492.0	390.9
Advances from customers	343.5	327.1
Deferred Income on government grant	20.0	15.6
TOTAL	**855.5**	**733.6**

*Due to statutory authorities includes GST payable sales tax payable, excise duty payable, tax deducted at source payable, service tax payable, provident fund and other funds payable.

3.19 Revenue from Operations:

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products- (A) #	63,235.7	57,812.1
Other operating revenues:		
Processing Income	23.7	35.3
Export incentives	408.2	390.2
Scrap sales	77.3	55.3
Foreign currency transactions and translation gain (net)	187.0	37.4
Government subsidy income	15.6	31.5
Royalty income	21.6	32.0
Budgetary Support Benefit under GST/Excise duty	326.1	123.3
Miscellaneous income/receipts	16.6	7.9
Total other operating revenue: - (B)	**1,076.1**	**712.9**
TOTAL (A) + (B)	**64,311.8**	**58,525.0**

#Post implementation of Goods and Service Tax ("GST") with effect from 1 July 2017 and as per Ind AS 18, Revenue from operations is disclosed net of GST. Revenue from operations for the year ended 31 March 2017 included excise duty which is now subsumed under GST. Revenue from operations for the year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, revenue from operations for the year ended 31 March 2018 are not strictly comparable with those of the previous periods presented.

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3.20 Other Income:

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest Income on		
-Bank deposits	446.3	713.9
-Bonds and debentures at amortised cost	340.9	312.8
Dividend income on equity securities at FVTPL	1.7	0.8
Rental income	5.3	6.9
Net profit on sale of equity securities at FVTPL	46.1	24.8
Profit on sale of property plant and equipments (net)	5.6	-
Gain on fair value of investments through profit and loss	-	47.0
Miscellaneous income	113.6	13.9
TOTAL	**959.5**	**1,120.1**

3.21 Cost of Materials Consumed

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Raw material consumed	11,709.2	10,355.0
Packing material consumed	3,963.1	4,138.2
	15,672.3	**14,493.2**

3.22 Changes in Inventories Of Finished Goods, Work-in-Progress and Stock-in-Trade:

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening Stock:		
Finished goods	3,057.7	2,319.6
Stock-in-trade	5,764.3	3,740.6
Work-in-progress	587.0	529.0
	9,409.0	**6,589.2**
Less: Closing stock:		
Finished goods	3,484.5	3,057.7
Stock-in-trade	6,386.8	5,764.3
Work-in-progress	481.9	587.0
	10,353.2	**9,409.0**
Effect of foreign exchange translation reserve	42.1	(76.2)
TOTAL	**(902.2)**	**(2,896.0)**

3.23 Employee Benefits Expense:

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	10,822.4	9,138.3
Contribution to provident and other fund **(Refer Note 3.29)**	491.0	369.5
Employees' welfare expenses	596.5	527.0
Employee stock compensation expenses **(Refer Note 3.44)**	6.5	3.7
TOTAL	**11,916.4**	**10,038.5**

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3.24 Finance Cost:

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expenses on		
-Bank overdraft and others	452.5	342.1
-Defined benefit liabilities **(Refer Note 3.29)**	52.2	46.4
Other borrowing cost	48.6	63.1
TOTAL	**553.3**	**451.6**

3.25 Other Expenses:

(₹ in Million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores and spare parts	730.9	649.7
Power and fuel	1,126.4	863.4
Excise duty	93.3	1,649.7
Processing charges	85.1	189.4
Contract labour charges	722.2	519.1
Rent **(Refer Note 3.30)**	262.1	203.3
Rates and taxes	354.6	317.1
Insurance	255.1	213.1
Marketing and promotions	4,316.3	3,613.9
Financial Assets at FVTPL -net change in fair value	263.1	-
Selling and distribution expenses	1,955.4	1,816.4
Legal and professional Fees	815.5	911.9
Sales commission	469.9	437.7
Travelling and conveyance	2,001.8	1,735.7
Repairs:		
- Buildings	140.6	131.4
- Plant and machineries	296.8	258.9
- Others	161.2	129.3
Loss on sale of property plant and equipments (net)	-	20.2
Commission to Directors	144.6	144.0
Donation	8.4	17.6
Communication and printing expenses	206.7	177.5
Vehicle expenses	118.1	96.4
Clinical and analytical charges	660.0	499.3
Bad Debts/Advances written off	33.4	71.7
Allowances for doubtful debts	27.6	10.4
Corporate Social Responsibility (CSR) expenditure **(Refer Note 3.41)**	113.9	68.3
Royalty Expenses	327.3	407.3
License and registration fee and technology fee	97.6	74.3
Miscellaneous expenses	1,175.5	977.9
Foreign exchange loss (net)	19.1	76.8
TOTAL	**16,982.5**	**16,281.7**

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3.26 Contingent Liabilities not provided for

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Claims against the Company not acknowledged as debt:		
(i)	Central Excise demand disputed in appeal {advances paid in dispute ₹ **20.1 Million** (31 March 2017 ₹ 41.6 Million)	157.8	68.0
(ii)	Sales Tax demand disputed in appeal (advances paid in dispute ₹ **35.2 Million** 31 March 2017 ₹ 38.0 Million)	189.7	164.1
(iii)	Service Tax demand disputed in appeal	0.7	0.7
(iv)	Income Tax demand disputed in appeal: advances paid dispute in ₹ **23.9 Million** (31 March 2017 ₹ Nil)	64.8	285.3
(v)	Other matters:	2,091.7	2,093.1
	a. In relation to purchase commitments- ₹ **968.1 Million*** (31 March 2017 ₹ 968.1 Million)		
	b.Supply of Goods: ₹ **377.3 Million** (31 March 2017 ₹ 376.6 Million) **		
	c. in relation to CCI - ₹ **746.3 Million** (31 March 2017 ₹ 746.3 Million)		
	d. Alleged infringement of intellectual property - ₹ **Nil** (31 March 2017 ₹ 2.1 Million)		
	TOTAL	**2,504.7**	**2,611.2**

Management considers that service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

** Claim from customer in relation to product quality issues and packing norms in recipient country.

During the year, The Kroger Company, Albertsons Companies, LLC, and H.E. Butt Grocery Company L.P. ('the plaintiffs') filed a complaint against various companies including the Company's step-down subsidiary, Ascend Laboratories, LLC, USA ('Ascend') with the Eastern District of Pennsylvania which contains two claims, an overarching conspiracy between 'Ascend and other parties' and a conspiracy between 'Ascend and other parties' to increase prices, allocate markets, rig bids, and decrease production of one product, Nimodipine. Basis the facts of the case and consultation with the legal counsel, the Group is of the opinion that it has strong arguments to attack the sufficiency of plaintiffs' allegations and thus believes that the matter will not have any material impact on the Group.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Group does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

3.27 Commitments

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid ₹ **701.1 Million** (31 March 2017 ₹ 77.0 Million)	1,825.9	1,762.5
2	Uncalled/ Unpaid contribution towards investment in funds **(Refer Note.3.2)**	145.8	26.5
3	Other Commitments: Commitment towards research and development - **USD 4.7 Million** (31 March 2017 USD 4.7 Million)	306.3	305.5
4	Letter of Credit opened by the Banks	117.0	369.9
5	Pending Export Obligation under advance licence/ EPCG Scheme	53.9	115.7
6	Other Commitments - Non Cancellable Operating Lease - **Refer Note.3.30**		

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3.28 Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro and Small enterprises as defined in the MSMED as set out in following disclosure.

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Principal amount remaining unpaid to any supplier as at the year end	1,228.7	1,009.0
2	Interest due thereon	25.3	50.1
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	25.3	50.1
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	25.3	50.1

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

The Company:

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of salary cost of the eligible employee to the superannuation plan to fund the benefit.

The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- Contribution to Provident Fund	325.5	261.6
- Contribution to Superannuation fund	1.6	2.1
- Contribution to Employee state insurance corporation	47.1	21.6
TOTAL	**374.2**	**285.3**

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ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2018 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2018

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation:**		
	Current Service Cost	99.1	75.5
	Interest Cost	43.7	38.8
	Actuarial (gain) / losses	111.1	56.1
	Benefits paid	(41.2)	(32.1)
	PVO at the beginning of the year	674.3	536.0
	PVO at end of the year	887.0	674.3
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	887.0	674.3
	Fair Value of planned assets at end of year	-	-
	Funded status	(887.0)	(674.3)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(887.0)	(674.3)

(₹ in Million)

Sr. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
III)	**Net cost for the year**		
	Current Service cost	99.1	75.5
	Interest cost	43.7	38.8
	Expected return on plan assets		
	Actuarial (gain) / losses	111.1	56.1
	Net cost	253.9	170.4
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.29	6.69
	Attrition rate (%)	10% - 20%	10% - 20%
	Salary escalation rate (%)	9% in Next one year and 7% thereafter	6.25

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Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Defined Benefit Obligation at end of the year	887.0	674.4	536.0	586.7	409.4
Experience Gain/Loss Adjustment on plan Liabilities	46.8	36.5	(11.2)	(16.4)	(48.9)
Actuarial Gain/(Loss) due to change on assumption	64.3	19.6	10.6	92.7	31.3

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(33.6)	37.4	25.2	(27.8)
Future salary growth (1% movement)	34.6	(31.7)	(25.7)	23.7

Indchemie Health Specialities Private Limited ("IHSPL")

(i) Defined contribution plans:

IHSPL makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, IHSPL is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the IHSPL make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified to the government.

IHSPL has recognised the following amount in the Statement of Profit and Loss

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- Contribution to Provident Fund	37.9	32.1
- Contribution to ESIC	5.3	3.6

(ii) Defined benefit plan

The IHSPL earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

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b) On death in service

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018 by the actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in the IHSPL's financial statements as at 31 March 2018.

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation:**		
	Current Service Cost	10.9	8.5
	Interest Cost	4.3	3.7
	Actuarial (gain) / losses	2.6	4.0
	Past Service Cost (Vested benefits)	5.4	
	Benefits paid	(2.9)	(1.3)
	PVO at the beginning of the year	65.2	50.3
	PVO at end of the year	85.5	65.2
II)	**Change in fair value of plan assets**		
	Expected return on plan assets		
	Actuarial gain/(losses)		
	Contributions by the employer	2.9	1.3
	Benefits paid	(2.9)	(1.3)
	Fair value of plan assets at beginning of the year		
	Fair value of plan assets at end of the year		
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	85.5	65.2
	Fair Value of planned assets at end of year		
	Funded status	(85.5)	(65.2)
	Unrecognised actuarial gain/ (loss)		
	Net asset/ (liability) recognised in the balance sheet	(85.5)	(65.2)
IV)	**Net cost for the year**		
	Current Service cost	10.9	8.5
	Interest cost	4.3	3.7
	Past Service Cost (Vested benefits)	5.4	-
	Actuarial (gain) / losses	2.6	4.0
	Net cost	23.2	16.2
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.88	6.69
	Salary escalation rate (%)	7.00	7.00

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in Million)

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4.6)	5.2	(4.1)	4.7
Future salary growth (1% movement)	4.5	(4.1)	4.0	(3.7)

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The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below:

(₹ in Million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Defined Benefit Obligation at end of the year	85.5	65.2	50.3	41.0	33.5
Experience Gain/Loss Adjustment on plan Liabilities	3.2	0.7	0.1	(7.4)	(1.2)
Actuarial Gain/(Loss) due to change on assumption	(0.6)	3.2	2.0	(0.3)	(0.2)

Cachet Pharmaceuticals Private Limited ("CPPL")

(i) Defined contribution plans:

CPPL makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, CPPL is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and CPPL make monthly contribution to the funds plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified to the Government.

CPPL has recognised the following amounts in the Statement of Profit and Loss

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- Contribution to Provident Fund	26.0	24.2
- Contribution to ESIC	6.8	5.4

(ii) Defined benefit plan:

CPPL earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018 by the Actuary.

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The following table sets out the status of the gratuity plan and the amounts recognised in CPPL's financial statements as at 31 March 2018

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation:**		
	Current Service Cost	7.7	6.5
	Past Service Cost	4.2	-
	Interest Cost	4.1	3.8
	Actuarial (gain) / losses	(7.0)	4.4
	Benefits paid	(6.3)	(2.8)
	PVO at the beginning of the year	64.8	52.9
	PVO at end of the year	67.5	64.8
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	6.3	2.8
	Benefits paid	(6.3)	(2.8)
	Fair value of plan assets at beginning of the year		
	Fair value of plan assets at end of the year		
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	67.5	64.8
	Fair Value of planned assets at end of year	-	-
	Funded status	(67.5)	(64.8)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	67.5	64.8
IV)	**Net cost for the year:**		
	Current Service cost	7.7	6.5
	Past Service Cost	4.2	-
	Interest cost	4.1	3.8
	Expected return on plan assets		
	Actuarial (gain) / losses	(7.0)	4.4
	Net cost	9.0	14.8
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.69	6.69
	Salary escalation rate (%)	5.00	5.00

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in Million)

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4.5)	5.2	4.7	(5.4)
Future salary growth (1% movement)	4.9	(4.4)	(4.8)	4.4

Enzene Biosciences Limited (EBL)

i) Defined contribution plans:

EBL makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, EBL is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds.

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Both the employees and EBL make monthly contribution to the funds plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified by the Government.

EBL has recognised the following amount in the Statement of Profit and Loss

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- Contribution to Provident Fund	4.7	3.5
- Contribution to ESIC	0.3	0.1

Defined benefit plan:

EBL earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018 by the Actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in EBL's financial statements as at 31 March 2018.

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
I)	**Reconciliation in present value of obligations**		
	Obligations at period beginning	1.4	0.6
	Current Service Cost	1.1	0.6
	Interest Cost	0.1	0.1
	Benefits paid	(0.1)	
	Actuarial (gain) / losses	(0.4)	(0.0)
	PVO at end of the year	2.1	1.4
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	0.1	-
	Benefits paid	(0.1)	-
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	-	-
	Fair Value of planned assets at end of year	-	-
	Funded status	-	-
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet		

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(₹ in Million)

Sr. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
IV)	**Net cost for the year**		
	Current Service cost	1.1	0.6
	Interest cost	0.1	0.1
	Expected return on plan assets		
	Actuarial (gain) / losses	(0.4)	(0.0)
	Net cost	0.8	0.7
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.23	6.69
	Salary escalation rate (%)	6.25	6.25

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in Million)

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.1)	0.1	(0.1)	0.1
Future salary growth (1% movement)	0.1	(0.1)	0.1	(0.1)

The PharmaNetwork LLC, (TPN)

TPN has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. TPN contributes 100% of each dollar of elective contributions each eligible participant makes each plan year, up to the limit of 4% of gross pay. All safe harbor contributions vest immediately. In addition, the Plan provides for discretionary contributions as determined by the board of directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. Discretionary contributions are fully vested after six years of employment. The Plan requires that the contribution be placed in a trust fund in accordance with the Group Annuity Contract between the trustee, Chase Manhattan Bank, N.A. and the Equitable Life Assurance.

TPN matching contributions to the Plan

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- Contribution to 401(k) Plan - **USD 1,69,247** (31 March 2017; USD 1,56,327)	11.0	10.5

No discretionary contribution were made in either year.

S&B Pharma Inc.

S&B Pharma Inc. sponsors a 401(k) profit sharing plan that covers eligible employees. The profit sharing portion of the plan provides for contributions to eligible employees based on 6% of total compensation. For the year ended 31 March 2018; 31 March 2017, S&B Pharma Inc.'s contributions to the plan were **$ 3,18,662 (₹ 20.5 Million)** and $ 299,361 (₹ 20.1 Million) respectively.

The 401(k) portion of the plan provides for voluntary salary deferrals for eligible employees. Matching Company contributions are at the discretion of management;

Alkem Laboratories (NIG) Limited

Alkem Laboratories (NIG) Limited, the Group's subsidiary in Nigeria, operates a contributory Pension Scheme, which employees

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join upon employment. Employees and employer contribution are 8% and 10% of defined total package respectively, in accordance with the requirements of the Pension Reform Act, 2012. Contributions are made to a Trust Fund that manages the scheme. The subsidiary's liability in respect of the Scheme is charged to the Consolidated Statement of Profit and Loss of the year in which the contribution becomes payable.

During the year , the subsidiary's accrued contribution to the plan was ₹ **Nil** and ₹ 0.8 Millions for the year ended 31 March 2017.

Alkem Laboratories (UK) Limited

Alkem Laboratories (UK) Limited operates a defined contributions pension scheme. The assets of the scheme are held separately from those of Alkem Laboratories (UK) Limited in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to GBP 63 (2017 - NIL).

Contributions totalling GBP 54 (2017 - NIL) were payable to the fund at the balance sheet date.

3.30 a)The Group has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

(₹ in Million)

Particulars	31 March 2018	31 March 2017
Rent expense	262.1	203.3
TOTAL	**262.1**	**203.3**

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

(₹ in Million)

Particulars	31 March 2018	31 March 2017
Not later than one year	76.4	14.9
Later than one year but not later than five years	249.1	19.3
Later than five years	38.3	-
TOTAL	**363.9**	**34.2**

b) Subsidiary companies in the U.S. have future obligations under finance lease for procurement of Plant & Equipment's which are payable as follows:

(₹ in Million)

Particulars	31 March 2018	31 March 2017
Not later than one year	-	23.2
Later than one year but not later than five years	-	-
Later than five years	-	-
TOTAL	**-**	**23.2**

During the year, the Company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. The future obligation in respect of the above are as under:

(₹ in Million)

Particulars	Present value of minimum lease payment	Future interest Cost	Minimum lease payment
Not later than one year	0.0	2.8	2.8
Later than one year but not later than five years	0.2	14.2	14.4
Later than five years	63.1	200.7	263.8
TOTAL	**63.3**	**217.7**	**281.0**

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3.31 Segment Reporting

Basis for Segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

Entity-wide disclosures

The geographical information analyses the group's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

(₹ in Million)

Sr. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a)	**Revenue from Operations:**		
	Country of Domicile- India	45,972.2	42,866.1
	United States of America	13,666.6	12,034.9
	Other Countries	4,673.0	3,624.0
		64,311.8	**58,525.0**
b)	**Non-current assets (Refer note below)**		
	Country of Domicile- India	21,800.6	16,910.8
	United States of America	4,669.4	3,880.6
	Other Countries	175.7	171.6
		26,645.7	**20,963.0**

Note:-

Non-current assets for this purpose consist of property, plant and equipments, intangibles and goodwill on consolidation.

c) The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue during the year

3.32 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures.

The Group's prinicipal related parties consist of key managerial personnel and entities in which key management personnel and their relatives have significant influence ("Affiliates"). The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business.

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Details of Transactions with Related Parties

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2018			
		Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
		a	b	c	
1	Remuneration*	683.8	107.2	-	791.0
		(519.4)	(84.0)	-	(603.4)
2	Loans taken	-	13.0	-	13.0
		-	(22.5)	-	(22.5)
3	Loans Repaid	-	-	-	-
		-	(33.0)	-	(33.0)
4	Interest expense on loans taken	-	6.6	-	6.6
		-	(4.9)	-	(4.9)
5	Purchase of stock in trade	-	-	359.4	359.4
		-	-	(328.3)	(328.3)
6	Sale of finished goods	-	-	1.6	1.6
		-	-	(11.8)	(11.8)
7	Sale of raw and packing materials	-	-	0.3	0.3
		-	-	(4.1)	(4.1)
8	Purchase of raw and packing materials	-	-	115.0	115.0
		-	-	(82.9)	(82.9)
9	Services received	-	-	1.0	1.0
		-	-	(0.5)	(0.5)
10	Services rendered	-	-	23.2	23.2
		-	-	(54.2)	(54.2)
11	Rental income	-	-	3.3	3.3
		-	-	(3.3)	(3.3)
12	Rent expenses	0.6	3.5	-	4.1
		(0.6)	(3.5)	-	(4.1)
13	Dividend paid	348.5	376.9	380.3	1,105.7
		(197.0)	(227.0)	(0.9)	(424.9)
14	Loans Given	11.0	-	-	11.0
		-	-	-	-
15	Repayment of loan given	7.0	-	-	7.0
		(1.2)	-	-	(1.2)
16	Reimbursement of expenses from	-	-	-	-
		-	-	(0.9)	(0.9)

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***Key management personnel Remuneration**

Key management personnel Remuneration comprised the following:

(₹ in Million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Short-term employee benefits	421.8	349.8
Post-employment benefits	96.3	20.2
Other long-term benefits	13.6	1.8
Remuneration paid to Chairman Emeritus	141.1	140.5
Commission/sitting fees to independent director	11.0	7.2

Based on the recommendation of the Nomination and Remuneration committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

All related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

Figures in the brackets are the comprative figures of the previous year.

Balance due from / to the related Parties

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018			
		Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	
1	Outstanding Payables	-	-	80.7	80.7
2	Loan payable	-	72.2	-	72.2
3	Loan Receivable	10.9	-	-	10.9

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2017			
		Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	
1	Outstanding Payables	-	-	82.2	82.2
2	Loan payable	-	50.2	-	50.2
3	Outstanding Receivable	-	-	1.6	1.6
4	Loan Receivable	6.7	-	-	6.7

3.33 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ **3,646.2 Million**. (31 March 2017: ₹ 3,203.7 Million)

3.34 Earnings per share (EPS)

(₹ in Million)

Particulars			Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year attributable to Owners of the Parent	₹ in Million	A	6,309.4	8,920.3
Weighted average number of equity shares outstanding	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	52.77	74.61

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3.35 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions is as under:

Provision for Sales Return, Chargebacks and Rebates:

(₹ in Million)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Carrying amount at the Beginning of the year	947.9	810.8
Add: Provision made during the year	881.7	874.5
Less: Amount utilised during the year	740.5	737.4
Carrying amount at the end of the year	1,089.1	947.9

3.36 Dividend paid and proposed

a Dividends on equity shares were declared and paid by the Company during the year

(₹ in Million)

Particulars	Dividend Per Equity Shares (₹)	Year ended 31 March 2018 (₹in Million)	Dividend Per Equity Shares (₹)	Year ended 31 March 2017 (₹in Million)
Dividend on Equity Shares	15.00	1,793.5	6.00	717.4
Dividend Distribution Tax		365.1		146.0
TOTAL		**2,158.6**		**863.4**

After the reporting dates the following dividend (excluding dividend distribution tax) was proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Particulars	Dividend Per Equity Shares (₹)	Year ended 31 March 2018 (₹in Million)	Dividend Per Equity Shares (₹)	Year ended 31 March 2017 (₹in Million)
Final Dividend on Equity Shares	7.00	837.0	9.00	1,076.1
Dividend Distribution Tax		170.3		219.0
TOTAL		**1,007.3**		**1,295.1**

3.37 Impairment testing for cash generating unit (CGU) containing goodwill

The goodwill at each CGU level is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount is less than its carrying value. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax Budgeted EBITDA projections of the next six years and the Terminal Value at the end of the sixth year (after considering the relevant long-term growth rate) which is considered by the Board as a reasonable period given the long development and life cycle of medicine.

Goodwill acquired through business combinations with indefinite lives has been allocated to the following CGU's

(₹ in Million)

Name of the Entities	As at 31 March 2018	As at 31 March 2017
The Pharmanetwork LLC, United States of America	1,803.1	1,798.4
Pharmacor Pty Ltd, Australia	156.6	155.8
Enzene Biosciences Limited	106.0	106.0
Cachet Pharmaceuticals Pvt. Ltd,("CPPL")	487.9	487.9
Indchemie Health Specialities Pvt. Ltd ("IHSPL")	900.3	900.3
TOTAL	**3,454.0**	**3,448.4**

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The table below shows the key assumptions used in the value in use calculations:

Particulars	The Pharma Network LLC	Enzene Biosciences Limited	Pharmacor Pty Ltd	CPPL	IHSPL
Pre-tax adjusted discount rate (in %)	11.9%	20.8%	12.4%	14.5%	14.5%
Long-term growth rate (in %)	2.0%	5.0%	2.0%	5.0%	5.0%

Key assumptions used in the value-in-use calculations

Assumptions	How determined
Long-term growth rate	The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on market development. The weighted average growth rates used were consistent with industry reports.
Pre-tax risk adjusted discount rate	Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

Based on the above assumptions and analysis, no impairment was identified for any of the CGU as at 31 March 2018, 31 March 2017 as the recoverable value of the CGU exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. Group has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

3.38 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest, before any intra-group eliminations.

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31 March 2018

(₹ in Million)

	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	41.2%	49.0%	0.02%	
Non- current assets	1,127.0	1,439.6	887.1	3,453.7
Current assets	1,112.0	1,938.4	998.6	4,049.0
Non-current liabilities	399.8	168.7	3.0	571.5
Current liabilities	1,405.0	1,098.6	182.8	2,686.4
Net assets	**434.2**	**2,110.7**	**1,699.9**	**4,244.8**
Net assets attributable to the non-controlling interest	179.9	1,035.2	0.3	1,215.5
Revenue from operations	3,115.9	3,551.6	52.9	6,720.4
Profit after tax	(115.4)	249.6	(404.4)	(270.2)
Other comprehensive income (net of tax)	4.8	(1.7)	-	3.1
Total comprehensive income	**(110.6)**	**247.9**	**(404.4)**	**(267.1)**
Profit/(loss) allocated to non-controlling interest	(47.5)	122.4	(0.1)	74.8
Other comprehensive income allocated to non-controlling interest	2.0	(0.8)	-	1.1
Total comprehensive income allocated to non-controlling interest	**(45.6)**	**121.6**	**(0.1)**	**75.9**
Cash flows from operating activities	201.2	113.1	(415.1)	(100.8)
Cash flows from investing activities	(156.4)	(9.3)	(799.6)	(965.2)
Cash flows from financing activities (dividends to NCI: ₹ 12.3 Million)	(46.1)	(106.3)	1,254.4	1,102.0
Net increase (decrease) in cash and cash equivalents	**(1.3)**	**(2.4)**	**39.7**	**36.1**

31 March 2017

(₹ in Million)

	CPPL	IHSPL	Total
Non-controlling interest percentage	41.2%	49.0%	
Non- current assets	951.5	1,489.4	2,440.9
Current assets	1,001.5	1,469.2	2,470.7
Non-current liabilities	347.8	142.2	490.0
Current liabilities	1,060.2	923.5	1,983.7
Net assets	**545.0**	**1,892.9**	**2,437.9**
Net assets attributable to the non-controlling interest	224.7	927.6	1,152.3
Revenue from operations	3,019.6	3,501.7	6,521.3
Profit after tax	(41.2)	245.0	203.8
Other comprehensive income (net of tax)	(2.9)	(2.6)	(5.5)
Total comprehensive income	**(44.1)**	**242.4**	**198.3**
Profit/(loss) allocated to non-controlling interest	(6.6)	133.0	126.4
Other comprehensive income allocated to non-controlling interest	(1.2)	(1.2)	(2.4)
Total comprehensive income allocated to non-controlling interest	**(7.8)**	**131.8**	**124.0**
Cash flows from operating activities	63.9	(117.8)	(53.9)
Cash flows from investing activities	(430.3)	194.3	(236.0)
Cash flows from financing activities (dividends to NCI: ₹ Nil)	320.4	(80.9)	239.5
Net increase (decrease) in cash and cash equivalents	**(46.1)**	**(4.3)**	**(50.4)**

Acquisition of Non-Controlling Interest ("NCI") in the year ended 31 March 2017

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity .

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On 31 August 2016, the Group acquired an additional 7.8% interest in Cachet Pharmaceuticals Private Ltd ("CPPL") for ₹ 250.0 Million in cash, increasing its ownership from 51% to 58.8%.

The changes in equity attributable to the owners of the Group from transactions with non controlling interest is as under:

	₹ in Million
Consideration paid to CPPL	250.0
Less: Equity of NCI diluted pursuant to acquisition of additional stake in CPPL by the Group	173.4
A decrease in equity attributable to owners of the Group	**76.6**

3.39 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

(₹ in Million)

31 March 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,667.1	1,667.1	-	-	-	-
Other Bank Balances	-	-	4,100.7	4,100.7	-	-	-	-
Non-current investments	414.3	-	1,550.4	1,964.7	-	414.3	-	414.3
Current investments	2,469.9	-	8.1	2,478.0	224.0	-	2,245.9	2,469.9
Non current loans	-	-	222.2	222.2	-	-	-	-
Current loans	-	-	379.2	379.2	-	-	-	-
Trade receivables	-	-	10,805.0	10,805.0	-	-	-	-
Other Non-current financial assets	-	-	922.9	922.9	-	-	-	-
Other Current financial assets	-	-	1,567.4	1,567.4	-	-	-	
	2,884.2	**-**	**21,222.9**	**24,107.2**	**224.0**	**414.3**	**2,245.9**	**2,884.2**
Financial liabilities								
Non current borrowings (Including current maturity of Long-term debts)	-	-	2,362.9	2,362.9	-	-	-	-
Current borrowings	-	-	7,612.7	7,612.7	-	-	-	-
Trade payables	-	-	9,607.1	9,607.1	-	-	-	-
Other Current financial liabilities	-	-	3,289.3	3,289.3	-	-	-	-
	-	**-**	**22,872.0**	**22,872.0**	**-**	**-**	**-**	**-**

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(₹ in Million)

31 March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,666.3	1,666.3	-	-	-	-
Other Bank Balances	-	-	2,326.3	2,326.3	-	-	-	-
Non-current investments	292.3	-	2,302.1	2,594.4	-	292.3		292.3
Current investments	2,927.5	-	8.1	2,935.6	171.5	-	2,756.0	2,927.5
Non current loans	-	-	215.0	215.0	-	-	-	-
Current loans	-	-	279.5	279.5	-	-	-	-
Trade receivables	-	-	7,136.4	7,136.4	-	-	-	-
Other Non-current financial assets	-	-	4,056.8	4,056.8	-	-	-	-
Other Current financial assets	-	-	1,119.5	1,119.5	-	-	-	
	3,219.8	**-**	**19,110.0**	**22,329.8**	**171.5**	**292.3**	**2,756.0**	**3,219.8**
Financial liabilities								
Non current borrowings (Including current maturity of Long-term debts)	-	-	1,870.9	1,870.9	-	-	-	-
Current borrowings	-	-	4,723.7	4,723.7	-	-	-	-
Trade payables	-	-	7,413.7	7,413.7	-	-	-	-
Other Current financial liabilities	-	-	2,603.5	2,603.5	-	-	-	-
	-	**-**	**16,611.8**	**16,611.8**	**-**	**-**	**-**	**-**

B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value

a) **Level 1:** The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) **Level 2:** The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on Company specific estimates.

c) **Level 3:** The fair value of the remaining financial instrument is determined using discounted cash flow method. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2018 and 31 March 2017 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/(decrease) if: ● the sale price were higher / (lower); ● the cost of construction were lower /(higher); or ● the absorption timelines will decrease /(increase).

There have been no transfers between Level 1 and Level 2 during the year.

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Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in Avenue Venture Real Estate Fund.

Particulars	(₹ in Million)
Opening Balance(1 April 2016)	2,719.0
Net change in fair value (unrealised)	37.0
Closing Balance (31 March 2017)	2,756.0
Opening Balance(1 April 2017)	2,756.0
Net change in fair value (unrealised)	(380.1)
Repayment	(130.0)
Closing Balance (31 March 2018)	**2,245.9**

Transfer out of Level 3

There has been no transfer out of Level 3 during the period

Sensitivity analysis

For the fair values of Avenue venture real estate fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

(₹ in Million)

Significant unobservable inputs	31 March 2018		31 March 2017	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	145.4	(145.4)	107.3	(130.6)
Cost of Construction - 5%	(51.9)	51.9	(85.7)	65.4
Absorption Timelines - 1 Year	(132.6)	223.6	(478.9)	177.3

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

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The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activites (primarily trade receivables) and from its financing/investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutul fund investments. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

At 31 March 2018, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

(₹ in Million)

	Carrying amount	
	31 March 2018	**31 March 2017**
India	4,746.5	3,710.5
US	4,956.8	2,461.2
Other regions	1,101.8	964.7
	10,805.0	**7,136.4**

At 31 March 2018 the Group had exposure to only one type of counter party. No single customer's balance was more than 10% of the total receivables.

Impairment

As per simplified approach the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever required.

The ageing of trade receivables that were not impaired was as follows.

(₹ in Million)

	Carrying amount	
	31 March 2018	**31 March 2017**
Not past due	8,123.7	5,157.3
Past due 1–180 days	2,589.1	1,812.6
Past due more than 180 days	92.2	166.5
	10,805.0	**7,136.4**

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

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The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

(₹ in Million)

	31 March 2018	31 March 2017
Balance as at the beginning of the year	213.6	177.1
Impairment loss recognised	81.6	108.2
Amounts written off	(33.4)	(71.7)
Balance as at the end of the year	**261.8**	**213.6**

ii. Credit risk

Investments, Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as on 31 March 2018 is ₹ **4,442.7 Million** (31 March 2017: ₹ 5,530.1 Million)

Debt securities:

The Group has an exposure of ₹ **1,558.5 Million** as at 31 March 2018 (₹ 2,310.3 Million: 31 March 2017) for debt securities classified as financial asset measured at amortised cost. All the debt securities have been issued by companies registered in India in Indian Rupees.

There has been no allowance for impairment in respect of such debt securities - financial asset measured at amortised cost till 31 March 2018.

Credit Rating of debt securities is given below:

(₹ in Million)

Credit Rating	31 March 2018	31 March 2017
A +	20.0	20.0
AA	204.6	205.1
AA -	150.0	150.0
AA +	20.6	20.7
AAA	1,145.2	1,896.4
Not Rated	18.1	18.1
TOTAL	**1,558.5**	**2,310.3**

The Group did not have any debt securities that were past due but not impaired at 31 March 2018 ,31 March 2017. The Group has no collateral in respect of these investments.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The majority of the Group's trade receivables are due for maturity within 21 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 days. The difference between the above mentioned

Notes
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credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Group. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short-term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Million)

31 March 2018	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.3	283.8	-	2.9	2.9	11.6	266.4
Long-term Borrowings (Including Current maturity of Long-term borrowings)	2,299.6	2,660.6	393.3	777.2	1,173.5	261.0	55.6
Working Capital Loan from Bank	7,612.7	7,612.7	7,612.7	-	-	-	-
Trade Payables	9,607.1	9,607.1	9,607.1	-	-	-	-
Other Current Financial Liabilities (Other than Current maturity of Long-term borrowings)	3,289.3	3,289.3	3,286.6	2.7	-	-	-
	22,872.0	**23,453.5**	**20,899.7**	**782.8**	**1,176.4**	**272.6**	**322.0**

(₹ in Million)

31 March 2017	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Long-term Borrowings (Including current maturity of long-term borrowings)	2,143.8	2,516.1	3.3	119.5	1,076.5	1,100.8	216.0
Working Capital Loan from Bank	4,450.8	4,450.8	4,450.8	-	-	-	-
Trade Payables	7,413.7	7,413.7	7,254.8	158.9	-	-	-
Other Current Financial Liabilities (Other than Current maturity of Long-term borrowings)	2,604.6	2,604.6	2,604.6	-	-	-	-
	16,612.9	**16,985.2**	**14,313.5**	**278.4**	**1,076.5**	**1,100.8**	**216.0**

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The Group has exposure to USD, EURO, GBP ,CHF, AUD, KES. The Group has formulated hedging policy for monitoring its foreign currency exposure.

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Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2018, 31 March 2017 in there respective currencies are as below:

	31 March 2018					
	EURO	GBP	USD	AUD	KES	CHF
Financial assets						
Non-Current Loans	-	-	1,004,229	-	-	-
Trade Receivables	1,630,415	174,844	10,693,814	-	-	-
Cash and cash equivalents	-	-	10,272	-	1,547,415	-
	1,630,415	**174,844**	**11,708,315**	**-**	**1,547,415**	**-**
Financial liabilities						
Short-term Borrowings	-	-	61,500,000	-	-	-
Trade Payables	354,419	137,024	8,467,704	13,312	-	-
Other Current financial liabilities	391,927	50,000	500,028	-	-	-
	746,346	**187,024**	**70,467,732**	**13,312**	**-**	**-**
Net foreign currency exposure as at 31 March 2018	**884,069**	**(12,180)**	**(58,759,417)**	**(13,312)**	**1,547,415**	**-**

	31 March 2017					
	EURO	GBP	USD	AUD	KES	CHF
Financial assets						
Non-Current Loans	94,125	943	3,035,703	-	-	815,948
Trade Receivables	1,216,245	12,456	7,944,934	-	-	-
	1,310,370	**13,399**	**10,980,637**	**-**	**-**	**815,948**
Financial liabilities						
Short-term Borrowings	-	-	39,000,000	-	-	-
Trade Payables	-	77,441	10,047,522	-	-	-
Other Current financial liabilities	113,621	-	869,606	-	-	-
	113,621	**77,441**	**49,917,128**	**-**	**-**	**-**
Net foreign currency exposure as at 31 March 2017	**1,196,749**	**(64,042)**	**(38,936,491)**	**-**	**-**	**815,948**

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

INR	Year-end spot rate	
	31 March 2018	31 March 2017
EURO	80.81	69.29
GBP	92.28	80.90
USD	65.18	64.85
AUD	50.05	49.58
KES	0.65	0.65
CHF	68.50	64.83

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect ₹ In Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2018		
10% movement		
EURO	7.1	(7.1)
GBP	(0.1)	0.1
USD	(383.0)	383.0
AUD	(0.1)	0.1
KES	0.1	(0.1)
CHF	-	-
	(375.9)	**375.9**

Effect ₹ In Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2017		
10% movement		
EURO	8.3	(8.3)
GBP	(0.5)	0.5
USD	(252.5)	252.5
CHF	5.3	(5.3)
	(239.4)	**239.4**

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(₹ in Million)

	31 March 2018	31 March 2017
Fixed-rate instruments		
Financial assets	10,262.9	12,963.7
Financial liabilities	2,672.7	2,480.5
	7,590.2	**10,483.2**
Variable-rate instruments		
Financial liabilities	7,302.9	4,114.0
	7,302.9	**4,114.0**
TOTAL	**287.3**	**6,369.2**

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Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity.

3.40 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'net debt' to 'total equity'. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents.

The Group's net debt to equity ratio was as follows.

(₹ in Million)

	As at 31 March 2018	As at 31 March 2017
Total Borrowings (Including current maturity of Long-term debts)	9,975.6	6,594.6
Less: Cash and cash equivalent	1,667.1	1,666.3
Net debt	**8,308.5**	**4,928.3**
Total equity	49,853.2	45,828.7
Net debt to equity ratio	**0.2**	**0.1**

3.41 The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Group during the year is ₹ **143.0 Million** (Previous year: ₹ 112.9 Million) The Group has spent ₹ **113.9 Million** (Previous Year: 68.3 Million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

(₹ in Million)

		In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	-	-	-
		-	-	-
ii)	On purposes other than (i) above	**113.9**	-	**113.9**
		(68.3)	-	(68.3)

Figures in the brackets are the corresponding figures of the previous year.

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3.42 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013.

(₹ in Million)

Name of the enterprises	31 March 2018							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	98%	48,853.7	113%	7,158.4	38%	(72.7)	116%	7,085.7
Subsidiaries								
Indian								
Enzene Biosciences Limited	3%	1,699.3	-6%	(404.4)	0%	-	-7%	(404.4)
Cachet Pharmaceuticals Private Limited	1%	434.5	-2%	(115.4)	-3%	4.8	-2%	(110.6)
Indchemie Health Specialities Private Limited	4%	2,110.9	4%	249.6	1%	(1.7)	4%	247.9
Foreign							0%	-
Alkem Laboratories (Nigeria) Limited	0%	(55.0)	1%	72.8	-8%	15.9	1%	88.7
Alkem Laboratories Pty Ltd	0%	89.0	0%	7.1	-4%	8.1	0%	15.2
Alkem Pharma Gmbh	0%	(4.0)	0%	(1.8)	0%	(0.4)	0%	(2.2)
Alkem Laboratories Corporation	0%	(247.6)	-2%	(115.2)	-4%	7.3	-2%	(107.9)
S & B Holdings B.V	3%	1,596.1	-8%	(509.4)	45%	(86.1)	-10%	(595.5)
Pharmacor Ltd (Australia)	0%	107.1	1%	34.0	0%	0.4	1%	34.4
ThePharmanetwork LLC & Subsidiaries	9%	4,365.4	13%	824.3	-8%	15.8	14%	840.1
Ascends Laboratories SDN BHD.	0%		0%	-	0%	-	0%	-
Ascend Laboratories SpA	1%	394.4	0%	3.7	-23%	43.8	1%	47.5
Alkem Laboratories, Korea Inc	0%	-	0%	-	0%	-	0%	-
Pharmacor Ltd.	0%	-	0%	-	0%	-	0%	-
S&B Pharma Inc.	2%	1,076.3	-5%	(288.4)	-1%	1.3	-5%	(287.1)
The PharmaNetwork, LLP	0%	149.0	0%	9.5	0%	(0.3)	0%	9.2
Ascend Laboratories (UK) Limited.	0%	24.9	0%	9.4	-1%	2.2	0%	11.6
Total Eliminations	-24%	(11,956.3)	-9%	(550.0)	67%	(128.0)	-11%	(678.0)
Minority Interest	2%	1,215.5	-1%	(74.8)	1%	(1.1)	-1%	(75.9)
	100%	**49,853.2**	**100%**	**6,309.4**	**100%**	**(190.7)**	**100%**	**6,118.7**

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(₹ in Million)

Name of the enterprises	31 March 2017							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	96%	43,926.6	99%	8,831.6	16%	(36.7)	101%	8,794.9
Subsidiaries								
Indian								
Enzene Biosciences Limited	2%	846.6	-4%	(346.1)	0%	-	-4%	(346.1)
Cachet Pharmaceuticals Private Limited	1%	545.1	0%	(41.2)	1%	(2.9)	-1%	(44.1)
Indchemie Health Specialities Private Limited	4%	1,893.1	3%	245.0	1%	(2.6)	3%	242.4
Foreign								
Alkem Laboratories (Nigeria) Limited	0%	(143.7)	-1%	(73.1)	-26%	59.1	0%	(14.0)
Alkem Laboratories Pty Ltd	0%	73.8	0%	12.1	-1%	2.0	0%	14.1
Alkem Pharma Gmbh	0%	(1.8)	0%	(0.5)	0%	0.1	0%	(0.4)
Alkem Laboratories Corporation	0%	(139.7)	-2%	(162.7)	-4%	9.2	-2%	(153.5)
S & B Holdings B.V	5%	2,191.6	-5%	(472.3)	0%	-	-5%	(472.3)
Pharmacor Ltd (Australia)	0%	72.7	0%	30.5	1%	(1.4)	0%	29.1
ThePharmanetwork LLC & Subsidiaries	8%	3,525.3	14%	1,249.8	40%	(91.0)	13%	1,158.8
Ascends Laboratories SDN BHD.	0%		0%		0%		0%	
Ascend Laboratories SpA	0%	199.7	0%	32.1	5%	(10.9)	0%	21.2
Alkem Laboratories, Korea Inc	0%		0%	-	0%	-	0%	-
Pharmacor Ltd.	0%		0%		0%		0%	-
S&B Pharma Inc.	3%	1,363.4	-5%	(409.7)	17%	(38.0)	-5%	(447.7)
The PharmaNetwork, LLP	0%	139.8	0%	30.5	-1%	3.0	0%	33.5
Ascend Laboratories (UK) Limited.	0%	13.3	0%	2.8	1%	(3.0)	0%	(0.2)
Total Eliminations	-21%	(9,829.4)	1%	117.9	52%	(118.5)	0%	(0.6)
Minority Interest	3%	1,152.3	-1%	(126.4)	-1%	2.4	-1%	(124.0)
	100%	**45,828.7**	**100%**	**8,920.2**	**100%**	**(229.2)**	**100%**	**8,691.0**

3.43 a) During the year ended 31 March 2018 the Company has made following investments in subsidiaries:

i) During the year, the Company has contributed ₹ **147.2 Million** in wholly owned subsidiary in Chile viz, "Ascend Laboratories SpA" by way of conversion of loans and advances to equity.

ii) During the year, the Company has contributed ₹ **1,250 Million** in subsidiary in India viz, "Enzene Biosciences Limited" by way of a capital contribution.

iii) During the year, the Company has acquired shares of Alkem foundation

3.44 Employee Stock option Scheme

ENZENE BIOSCIENCES LIMITED (Subsidiary)

As at 31 March 2018, the Company has following share based payment arrangements for employees

ESOS 2016

This Scheme shall be called 'Enzene Employee Stock Option Scheme 2016' ("ESOS 2016"/"Scheme").

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ESOS 2016 is established with effect from 15 January 2016 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOS 2016 have been issued and exercised, whichever is earlier. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of shares.

The terms and conditions related to the grant of the shares options are as follows:

Date of Grant	3 March 2016
Exercise price per Option	₹ 125.80
Number of Options granted	145600
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
3 March 2017	1 year from the date of grant	5.0%	5.0%
3 March 2018	2 years from the date of grant	15.0%	15.0%
3 March 2019	3 years from the date of grant	20.0%	20.0%
3 March 2020	4 years from the date of grant	30.0%	30.0%
3 March 2021	5 years from the date of grant	30.0%	30.0%
TOTAL		**100%**	**100%**

Date of Grant	27 January 2017
Exercise price per Option	₹ 10
Number of Options granted	56400
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 4 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
27 January 2018	1 year from the date of grant	15.0%	15.0%
27 January 2019	2 years from the date of grant	25.0%	25.0%
27 January 2020	3 years from the date of grant	30.0%	30.0%
27 January 2021	4 years from the date of grant	30.0%	30.0%
TOTAL		**100.0%**	**100.0%**

Date of Grant	25 May 2017
Exercise price per Option	₹ 125.80
Number of Options granted	18000
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

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Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
3 March 2017	1 year from the date of grant	5.0%	5.0%
3 March 2018	2 years from the date of grant	15.0%	15.0%
3 March 2019	3 years from the date of grant	20.0%	20.0%
3 March 2020	4 years from the date of grant	30.0%	30.0%
3 March 2021	5 years from the date of grant	30.0%	30.0%
TOTAL		**100%**	**100%**

Share based payment expenses for the year

Name of Scheme	For the year ended 31 March 2018	For the year ended 31 March 2017
ESOS 2016	6.5	3.7
Total Expenses recognised in "Employee benefit"	**6.5**	**3.7**

Reconciliation of outstanding share options

Particulars	No.of Options	
	31 March 2018	31 March 2017
Outstanding at 1 April	202,000	145,600
Granted during the year	18,000	56,400
Forfeited during the year	(8,960)	-
Exercised during the year	(4,480)	-
Outstanding at 31 March	**233,440**	**202,000**

1. The estimated grant-date fair value of Stock options granted under ESOS 2016(1) plan is ₹ 69.9

2. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 147.4

3. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 75.5

The fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historical average of share price volatility of peer companies. The Inputs used in the measurement of grant-date fair values are as follows:

	ESOS 2016 (1)	ESOS 2016 (2)	ESOS 2016 (3)
Fair value as on Grant Date of Equity Share	148	155	155
Compounded Risk-Free Interest Rate	7.7%	7.5%	7.5%
Expected volatility	31.9%	31.9%	31.9%

3.45 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹ 72.4 Million with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ 122.1 Million for which the Company has subsequently received the claim amount post 31 March 2018. The factory has been constructed and in operation since October, 2012. These grants, recognised as deferred income, is being amortised over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

Notes
to the consolidated Ind AS financial statements

3.46 Asset Held for Sale

During the previous year, the Company has decided to sell land situated at Panoli GIDC, Gujarat, being no longer required for business purposes. Accordingly, the said land has been stated at its carrying value (being lower of its fair value less costs to sell) amounting to ₹ 18.2 Million and is presented as "Asset held for sale" as on 31 March 2017. This has been subsequently sold during the year.

3.47 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2018:

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

Ind AS 115 Revenue from Contracts with Customers ("Standard")

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective effective from 1 April 2018.

The core principle of Ind AS 115 is that an entity should recognise 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group is evaluating the impact of this Standard on its financial statements.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
Date: 30th May, 2018

Samprada Singh
Chairman Emeritus
DIN. 00760279

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K.Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President – Legal & Company Secretary

P.V. Damodaran
Sr.VP – Business Finance

Mumbai
Date: 30th May, 2018

ALKEM LABORATORIES LIMITED
Registered Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
CIN: L00305MH1973PLC174201
Tel.: +91 22 3982 9999 Fax: +91 22 2495 2955
Email: investors@alkem.com **Website:** www.alkemlabs.com

NOTICE

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the Members of **Alkem Laboratories Limited** will be held on Friday, 31st August, 2018, at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   (a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.

   (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2018 and the Report of Auditors thereon.

2. To confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31st March, 2018.

3. To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 00881412), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Record and Audit) Rules, 2014 (including any statutory modification(s) or enactments thereof, for the time being in force), the remuneration, as approved by the Board of Directors, amounting to ₹ 8,50,000/- (Rupees Eight Lakh Fifty Thousand only) plus applicable taxes, and re-imbursement towards the out of pocket expenses at actuals upto ₹ 10,000/- (Rupees Ten Thousand only) incurred in connection with the audit, payable to Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), who was appointed by the Board of Directors of the Company as Cost Auditor to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2018, be and is hereby ratified."

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business covered under item no. 4 to be transacted at the Annual General Meeting is annexed hereto. In respect of Resolution at item no. 3, a statement giving additional information on the Director seeking re-appointment is annexed hereto as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Secretarial Standard – 2 on General Meetings.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

3. **PURSUANT TO SECTION 105 OF THE COMPANIES ACT, 2013, A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT MORE THAN FIFTY MEMBERS AND HOLDING IN AGGREGATE, NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY, AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.**

4. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the time of the meeting. During the period beginning 24 hours before the time fixed for the commencement of meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during business hours of the Company.

5. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed for a term of 5 years at the 40th Annual General Meeting held on 18th August, 2014.

6. Corporate Members intending to send their authorised representative(s) to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are

requested to send to the Company, certified copy of the relevant Board Resolution together with the specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.

7. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip sent along with the Annual Report, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio number.

8. Members are advised to make nomination in respect of their shareholdings in the Company. The Nomination Form can be downloaded from the Company's website www.alkemlabs.com. Members holding shares in physical form should file their nomination with M/s Link Intime India Private Limited, Company's Registrar and Share Transfer Agents whilst those Members holding shares in dematerialised mode should file their nomination with their Depository Participant.

9. The dividend on shares as recommended by the Board, if approved at the Annual General Meeting, will be paid on and from 4th September, 2018 and within thirty days from the date of declaration to those Members or their mandatees whose names appear:

   a) as Members in the Register of Members of the Company on the record date i.e. 24th August, 2018, and

   b) as beneficial owners on the record date as per the lists to be furnished by Depositories in respect of shares held in electronic form.

10. The details of unpaid or unclaimed dividends, alongwith the due dates for transfer to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 124 of the Companies Act, 2013 are provided in the Corporate Governance Report, which forms part of this Annual Report.

11. Members who have not claimed their dividend(s) are requested to make their claim to the Company at the Registered Office or to the Registrar & Share Transfer Agents of the Company at the earliest but not later than the due dates for transfer to IEPF.

12. Members are requested to update their bank mandate / NECS / Direct credit details / name / address / power of attorney and update their Core Banking Solutions enabled account number:

    - For shares held in physical form: with the Registrar and Share Transfer Agents of the Company.

    - For shares held in dematerialised form: with the Depository Participant with whom they maintain their demat account.

13. Non-resident Indian Members are requested to immediately inform their Depository Participants (in case of shares held in dematerialised form) or the Registrar and Share Transfer Agents of the Company (in case of shares held in physical form), as the case may be, about:

    - the change in the residential status on return to India for permanent settlement;

    - the particulars of the NRE account with a bank in India, if not furnished earlier.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company's Registrar and Share Transfer Agents.

15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can send Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request. Members are requested to register/ update their email address with the Company's Registrar and Share Transfer Agents or with the Depository Participant(s) for receiving all communications from the Company electronically.

16. Members desiring any information relating to the Annual Report of the Company, can write to the Company Secretary at the Registered Office address or by sending an email to investors@alkem.com, at least seven days before the date of the Annual General Meeting.

17. A Route Map showing directions to the venue of the 44th Annual General Meeting and nearby prominent landmark is given at the end of this Notice.

18. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of Companies Act, 2013 will be kept open for inspection at the Annual General Meeting. All the documents referred to in this Notice as well as in the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the Annual General Meeting.

19. Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility for voting by electronic means to all Members as on the cut-off date as per the applicable regulations and all the businesses contained in this Notice may be transacted through such voting. The e-voting facility is being provided through Central Depository Services Limited (CDSL). The instructions for Members for voting by electronic means are given below.

A. The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 28th August, 2018 at 9.00 a.m. and ends on 30th August, 2018 at 5.00 p.m. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date 24th August, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN "180713009" for Alkem Laboratories Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non–Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same. The authorisation in respect of Representative(s) of the Corporation shall be received by the scrutiniser /Company before close of e-voting.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. Any person having any grievances in connection with remote e-voting may write to:

Name: Mr. Mehboob Lakhani
Designation: Assistant Manager
Address: A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013.
Email id: helpdesk.evoting@cdslindia.com
Phone number: 1800225533

B. The e-voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. 24th August, 2018.

C. A copy of this notice has been placed on the website of the Company and the website of CDSL.

D. The Company has appointed CS Manish L. Ghia, Partner, M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai (Membership No. 6252) to act as the Scrutiniser, to scrutinise the entire e-voting / ballot voting process in a fair and transparent manner.

E. The facility for voting through electronic means shall also be made available at the meeting to those Members who have not already cast their vote through remote e-voting. Members may note that, in case of any technical failure or eventuality resulting into non-functionality of tablet based electronic voting system at AGM, the Members would be provided the ballot paper for casting their votes at the AGM.

F. The Members who have casted their votes through remote e-voting prior to the meeting may also attend the Meeting but shall not be entitled to cast their vote again.

G. The Scrutiniser shall submit his report to the Chairman of the Meeting or any person authorised by him. The Results declared along with the report of Scrutiniser shall be placed on the website of the Company www.alkemlabs.com and on website of CDSL immediately after declaration of results by the Chairman or person authorised by him in this behalf and shall also be displayed on the Notice Board at the Registered Office for atleast three days from declaration thereof.

H. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of Annual General Meeting.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

Place: Mumbai
Date: 30th May, 2018

By Order of the Board

Samprada Singh
Chairman Emeritus
DIN 00760279

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

ITEM NO.: 4

The Board of Directors at its Meeting held on 26th May, 2017, on recommendation of the Audit Committee, approved the appointment of Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318) as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2018 at a remuneration of ₹ 8,50,000/- (Rupees Eight Lakh Fifty Thousand only) plus applicable taxes and re-imbursement at actuals subject to a limit of ₹ 10,000/- (Rupees Ten Thousand only) towards out of pocket expenses incurred for the purpose of the above audit.

In accordance with Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 including any statutory modification(s) or enactments thereof, for the time being in force, the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company. Accordingly, your consent is sought to the Resolution as set out at Item No. 4 for ratification of remuneration payable to Cost Auditor for the financial year 2017-18.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for your approval.

None of the Directors / Key Managerial Personnel of the Company and / or their relatives is, in any way, concerned or interested, financially or otherwise, in aforesaid Resolution.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

Place: Mumbai
Date: 30th May, 2018

By Order of the Board

Samprada Singh
Chairman Emeritus
DIN 00760279

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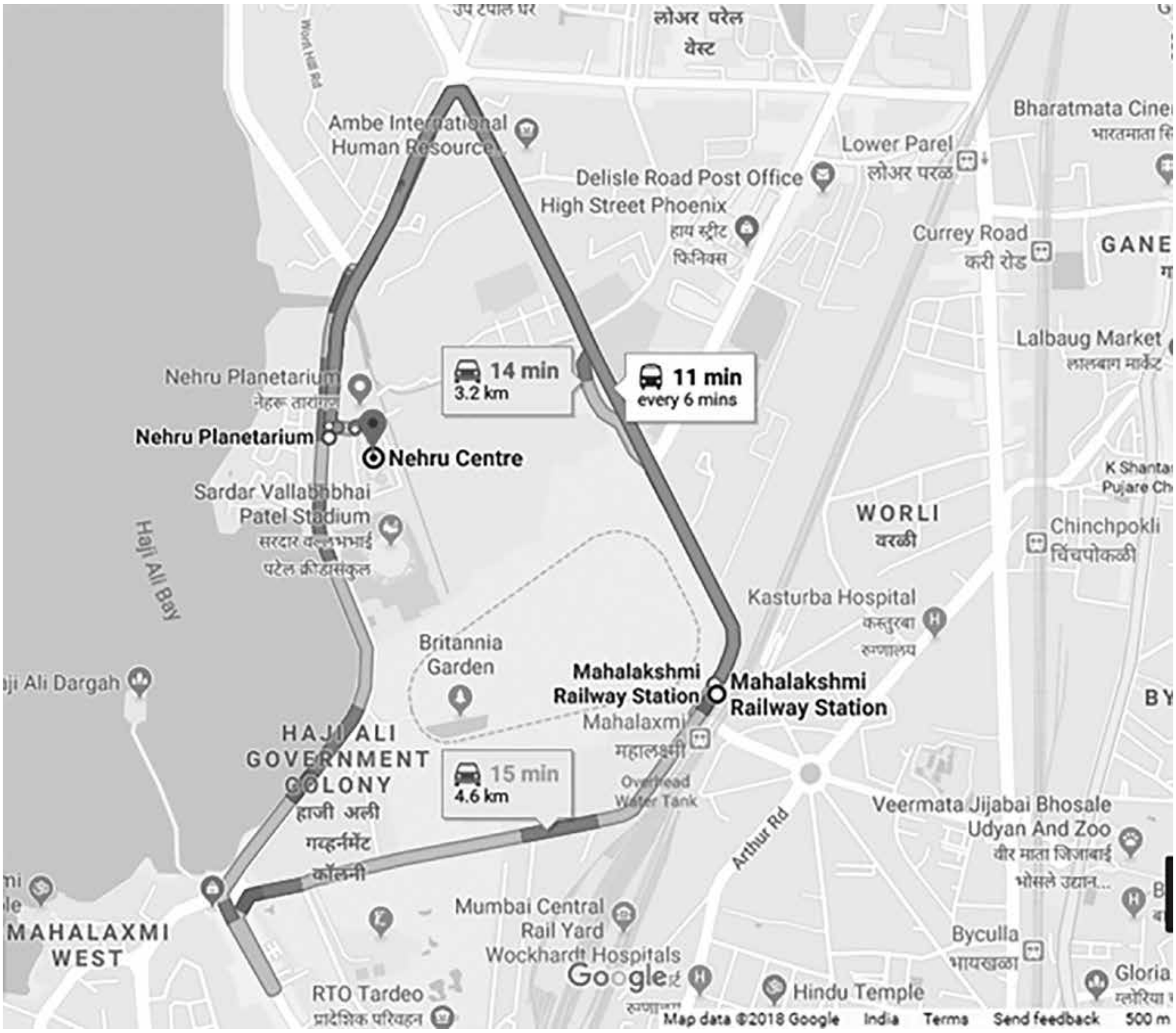
ANNEXURE TO ITEM 3 OF THE NOTICE

Profile of Director seeking re-appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 read with Secretarial Standard – 2 on General Meetings)

Name of Director	Mr. Mritunjay Kumar Singh
DIN	00881412
Date of Birth	4th November, 1963
Age	54 years
Qualifications	Bachelor of Science and a Diploma in administration management
Experience	Over 24 years
Expertise in specific functional area	Pharmaceutical (Business Development & Strategy and Production Planning, Marketing and Sales for Domestic Business)
Date of Appointment on the Board	First Appointment and appointment at current designation: 1st April, 2008
Terms and conditions of appointment	On such terms and conditions as mentioned in the resolution passed on 6th January, 2018 through postal ballot.
Remuneration last drawn	₹ 38.7 Million for FY 2017-18
Number of shares held in the Company as on 31st March, 2018	7511875 Equity Shares of ₹ 2/- each
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	Indchemie Health Specialities Private Limited.
Chairmanship/Membership of Audit and Stakeholders' Relationship Committees in other Public Companies	Member of Audit Committee of Indchemie Health Specialities Private Limited
Relationship between Directors inter se	Son of Mr. Basudeo N. Singh, Executive Chairman and Brother of Mr. Dhananjay Kumar Singh, Joint Managing Director
Number of Board Meetings attended during the year 2017-2018 (Out of total 5 Board Meetings held)	5

ROUTE MAP (LOCATION MAP OF NEHRU CENTRE AUDITORIUM)



ALKEM

ALKEM LABORATORIES LIMITED
Registered Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
Corporate Identity Number: L00305MH1973PLC174201
Tel.: +91 22 3982 9999 Fax: +91 22 2495 2955
Email: investors@alkem.com **Website:** www.alkemlabs.com

FORM NO. MGT-11
PROXY FORM

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

Name of the member (s): ....

Registered address: ....

E-mail Id: ....

Folio No/ Client Id: ....

DP ID: ....

I/We, being the member (s) of .... shares of the above named Company, hereby appoint

1. Name: ....

   Address: ....

   E-mail Id: ....

   Signature:.., or failing him/her

2. Name: ....

   Address: ....

   E-mail Id: ....

   Signature: ...., or failing him/her

3. Name: ....

   Address: ....

   E-mail Id: ....

   Signature: ....

   as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44th Annual General Meeting of the Company, to be held on Friday, the 31st day of August, 2018 at 10.30 am at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Vote (Optional see Note 2)	
		For	Against
ORDINARY BUSINESS			
1	Receive, consider and adopt: a) the Audited Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2018 and the Reports of the Board of Directors' and Auditors' thereon; b) the Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2018 and the Report of the Auditors' thereon.		

Resolution Number	Resolutions	Vote (Optional see Note 2)	
		For	Against
2	Confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31st March, 2018.		
3	Appointment of Mr. Mritunjay Kumar Singh (DIN: 00881412), who retires by rotation and being eligible, offers himself for re-appointment.		
SPECIAL BUSINESS			
4	Ratification of the payment of the remuneration to Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as Cost Auditor of the Company.		

Signed this .... day of 2018

Affix Revenue Stamp

....
Signature of shareholder

....
Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. It is optional to indicate your preference. If you leave the "For" or "Against" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Corporate Information

Board of Directors

Mr. Samprada Singh
Chairman Emeritus

Mr. Basudeo N. Singh
Executive Chairman

Mr. Sandeep Singh
Managing Director

Mr. Dhananjay Kumar Singh
Joint Managing Director

Mr. Balmiki Prasad Singh
Executive Director

Mr. Mritunjay Kumar Singh
Executive Director

Mr. Akhouri Maheshwar Prasad
Independent Director

Mr. Ranjal Laxmana Shenoy
Independent Director

Mr. Arun Kumar Purwar
Independent Director

Ms. Sangeeta Singh
Independent Director

Ms. Sudha Ravi
Independent Director

Dr. Dheeraj Sharma
Independent Director

Key Managerial Personnel

Mr. Rajesh Dubey
President Finance & Chief Financial Officer

Mr. Manish Narang
President – Legal, Company Secretary and Compliance Officer

Auditors

M/s BSR & Co. LLP, Chartered Accountants

Bankers

Citibank N. A.
HDFC Bank Limited
HSBC Bank Limited
Kotak Mahindra Bank Limited
The Saraswat Co-op Bank Limited
State Bank of India
YES Bank Limited
DBS Bank Limited
BNP Paribas

Registered Office

Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India
CIN: L00305MH1973PLC174201
Telephone: +91 22 3982 9999
Fax: +91 22 2495 2955
Website: www.alkemlabs.com
Email: investors@alkem.com

Registrar & Share Transfer Agents

M/s Link Intime India Private Limited
Unit: Alkem Laboratories Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083.
Phone: +91 22 49186270
Fax: +91 22 49186060
E-mail id: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Plant Locations

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

Major Research Centres

1. R&D Centre, MIDC, Taloja, Maharashtra, India
2. R&D Centre, Mandva, Gujarat, India
3. Enzene Biosciences Limited, Pune, Maharashtra, India
4. S&B Pharma Inc., California, US
5. S&B Pharma Inc., Missouri, US

ALKEM

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concept, content and design at AICL (hello@aicl.in)