
30th
ANNUAL REPORT
2016-17
Quality Excellence
BAL PHARMA LIMITED
An ISO 9001 Company
Bal Pharma Limited
Your Preferred Partner in
Quality Health Care

COMPANY PROFILE

Board of Directors

Mr. Shailesh D. Siroya	-	Managing Director
Mr. Shrenik D. Siroya	-	Non-executive Director
Dr. Subbarao Prasanna	-	Executive Director
Dr. G.S.R. Subba Rao	-	Independent Director
Mr. Pramod Kumar S	-	Independent Director
Mrs.Sarika Bhandari	-	Independent Director

CFO, Company Secretary & Compliance Officer :

Mr. Sanjay Kumar Agarwal

Plant Locations

Unit 1 : Formulations

21 & 22, Bommasandra Industrial Area,
Hosur Road, Bengaluru - 560 099.

Unit 2 : APIs

61/B, Bommasandra Industrial Area,
Hosur Road, Bengaluru - 560 099.

Unit 3 : Parenterals

732/735, Off. National Highway, No. 4,
Village Kenjal, Dist. Bhor, Maharashtra - 412 217.

Unit 4 : Formulations

Plot # 1,2,3 & 69, Sector 4, IIE-Pantnagar,
Rudrapur, Udham Singh Nagar, Uttarakhand - 263 153.

Unit 5 : APIs and Intermediates

Thabadewadi Post, Kavatha Mahankal,
Sangali, Maharashtra - 416 405.

Bankers

Canara Bank
Punjab National Bank
EXIM Bank
Corporation Bank
Yes Bank Limited

Statutory Auditors

Messrs TD Jain & DI Sakaria
Chartered Accountants

Internal Auditors

Messrs Bharath & Co.
Chartered Accountants

Cost Auditor

Mr. M. R. Krishnamurthy
Cost Accountant

Secretarial Auditor

Mr. Parameshwar.G.Bhat
Practising Company Secretary

Registrar & Share Transfer Agent

TSR Darashaw Limited,
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai - 400 011.

CONTENTS

	Page Nos.
Notice	1
Board's Report	8
Report on Corporate Governance	26
Standalone Auditor's Report	37
Standalone Financial Statements	41
Consolidated Auditor's Report	67
Consolidated Financial Statements	71

NOTICE IS HEREBY GIVEN THAT the 30th (Thirtieth) Annual General Meeting of the Members of Bal Pharma Limited will be held on 22nd September, 2017 i.e on Friday at 11.00 A.M. at Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company including Audited Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss for the financial year ended as on that date together with the Board's Report and Independent Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Dr. Subbarao Prasanna (DIN# 00084602), who retires by rotation and being eligible, offers himself for re-appointment.
4. **To Appoint Nsvm & Associates as Statutory Auditors of the Company.**

   To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

   "RESOLVED THAT pursuant to Sections 139, 140(4), 141 & 142 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, Messrs NSVM & Associates , Chartered Accountants having firm registration No 010072 S be and are hereby appointed as the Statutory Auditors of the Company , who shall hold office from the conclusion of 30th Annual General Meeting of the Company for a term of 5 years and till the conclusion of 35th Annual General Meeting of the Company (subject to their appointment being ratified by the shareholders at every subsequent Annual general Meetings of the Company) and that the Board be and is hereby authorised to fix such remuneration as may be determined by the Audit Committee in addition to the reimbursement of the out of pocket expenses as may be incurred by them from time to time.

   RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorised severally to do all such acts, deeds and things as may be required to give effect to this resolution".

SPECIAL BUSINESS

5. **To revise the managerial remuneration payable to Mr. Shailesh D. Siroya (DIN # 00048109), Managing Director.**

   To consider and if thought fit to pass the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 and rules made thereunder or any amendment(s) or modification(s) thereof and subject to the applicable clauses of the Articles of Association of the Company and with the approval of the Central Government, if required, the managerial remuneration payable to Mr. Shailesh D. Siroya, Managing Director of the Company as recommended by the Nomination and Remuneration Committee and the Board be and is hereby fixed at ₹ 8.50 Lakhs (Rupees Eight Lakhs Fifty Thousand Only) per month for the residual period of 2 years of his tenure of appointment i.e up to 31.07.2019, which is inclusive of salary and perquisites, but exclusive of the following:

   1. Variable commission not exceeding 5% of the net profits of the Company or such other percentage as may be decided by the Board from time to time.
   2. Contribution to provident fund, superannuation fund or annuity fund to the extent they singly or together are not taxable under the Income Tax Act,1961.
   3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
   4. Encashment of leave at the end of the tenure.

   Minimum Remuneration

   In the event of absence or inadequacy of profits in any financial year during the currency of tenure of his appointment, the entire applicable remuneration by way of salary and perquisites mentioned above shall be revised to match with the provisions prescribed under Schedule V of the Companies Act, 2013.

   FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to vary the terms and conditions of appointment of Mr. Shailesh D. Siroya in accordance with the limits prescribed under the Schedule V of the Companies Act, 2013."

6. **To renew the contract with Messrs Desa Marketing International.**

   To consider and if thought fit, to pass the following resolution as a special Resolution:

   "**RESOLVED THAT** pursuant to Section 188 and other applicable provisions, if any of the Companies Act,2013 read with Companies (Meetings of the Board and its powers) Rules, 2014, consent of the members be and is hereby accorded to the Company for renewal of the contract or arrangement with Messrs Desa Marketing International, for promoting the Company's products and sourcing the required raw materials for the Company in India as well as abroad, for a further period of 3 (three) years, on a fee of 2% of the value on domestic sourcing and market promotion and 3% for international sourcing and market promotion on such other terms and conditions as specified in the agreement and that the Board hereby confirms that these transactions will be in the ordinary course of business and at arms-length terms.

RESOLVED FURTHER THAT Dr.S.Prasanna, Whole Time Director, be and is hereby authorised severally to execute the required documents and to give effect to the proposed contract or arrangement on behalf of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such other acts, deeds or things as may be required to give effect to this resolution."

7. To change in the designation of Mr. Pramod Kumar S.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the members of the Company be and is hereby accorded to change the designation of Mr. Pramod Kumar. S [DIN # 00719828] from "Director appointed in casual vacancy" to the "Director" of the Company with effect from 10th August, 2017.

RESOLVED FURTHER THAT Mr. Shailesh D. Siroya, Managing Director and Mr. Sanjay Kumar Agarwal, Company Secretary of the Company be and are hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be required to give effect to the foregoing resolution.

RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Promod Kumar.S (DIN: 00719828), currently serving as Independent Director of the Company and who is liable to retire by rotation, will remain unaltered."

8. To ratify the remuneration payable to Cost Auditor:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Mr. M.R. Krishna Murthy, Cost Accountant (Membership # 7568) appointed by the Board of Directors as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, be paid the remuneration as set out in the statement annexed to the notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and to take up all such deeds as may be necessary and expedient to give effect to this resolution."

By the order of the Board of Directors
For **Bal Pharma Limited**

Place : Bengaluru
Date : 10.08.2017

Sanjay Kumar Agarwal
Company Secretary
Membership No. FCS6802

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll instead of himself / herself. A proxy need not be a member of the Company. Proxy, in order to be effective must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. Proxy Form is forwarded as detachable part of Annual Report.**
2. Dividend, if any, that may be declared at the Meeting will be paid on or before 13.10.2017 to those Members entitled there to, whose names appear in the Register of Members of the Company at the close of business hours on 17th September 2017 and for those holding the Shares in demat mode, the dividend will be paid to the Members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited (CDSL) as beneficial owners on that date and the bank particulars registered with the respective Depository Accounts will be used for this purpose.
3. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. For convenience of the Members and for proper conduct of the Meeting, entry to the place of Meeting will be regulated by an attendance slip, which is forwarded as detachable part of the Annual Report. Members are requested to affix their signature at the place provided in the Attendance Slip and hand it over at the entrance.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 18.09.2017 to 22.09.2017 (both days inclusive).
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members, who hold shares in dematerialized form, are requested to bring in their Client ID and DP ID nos. for easier identification of attendance at the Meeting and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.
8. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least 7 days prior to the Meeting, so that, the required information can be made available at the Meeting.
9. Members holding shares in physical form are requested to notify any change in their address to the Company's Registrar and Transfer Agent, TSR Darashaw Limited. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).
10. Members holding more than one Share Certificate in different folios are requested to apply for consolidation of the folios and send the relative Share Certificates to the Company's Registrar and Share Transfer Agent, TSR Darashaw Limited, # 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011.

11. Members are requested to bring the Annual Report 2016-17 along with them to the Annual General Meeting, since extra copies will not be supplied at the Meeting.

12. Electronic copy of the Annual Report 2016-17 is being sent to all the Shareholders, whose email IDs are registered with the Company/D.P for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of Annual Report 2016-17 is being sent. Soft copy of the Annual Report along with the notice for the Meeting will also be available on the Company's website www.balpharma.com for them to download. Members who desire to get the printed version of the Annual Report may get the same at free of cost, upon making a request for the same.

13. Pursuant to Section 124 of the Companies Act, 2013 (Corresponding Section 205 A of the Companies Act, 1956, as amended), any money transferred to Unpaid Dividend Account and remaining unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, and thereafter, the Shareholders shall not be able to claim any Unpaid Dividend amount from the Company. The Company has since transferred the amount lying in the credit of Unpaid Dividend Account for the financial year 2008-09 to Investor Education and Protection Fund as stipulated under Section 125 of the Companies Act, 2013 (Corresponding Section 205C of the Companies Act, 1956) read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The members who have not en cashed the Dividend Warrants for the financial years 2012-13 (as the dividend was not declared by the Company for FY 2009-10, 2010-11 and 2011-12) onwards are requested to write to the Company directly or to TSR Darashaw Limited, the Registrar and Share Transfer Agents of the Company.

14. The Members may now avail of the facility of nomination, by nominating in the prescribed form, a person to whom the shares in the Company shall vest in the event of death of the member. Interested members may write to the Company's Registrar & Share Transfer Agent for the prescribed form.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agents, TSR Darashaw Limited.

16. Voting through electronic means:

    In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing to its members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means through e-Voting Services provided by National Securities Depository Limited (NSDL)

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)]:

   (i) Open email and open PDF file viz; "Bal Pharma e-Voting. pdf" with your Client ID or Folio No. as password.

   The said PDF file contains your user ID and password/ PIN for e-voting. Please note that the password is an initial password.

   (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com.

   (iii) Click on Shareholder – Login.

   (iv) Put user ID and password as initial password/PIN noted in step (i) above and click login.

   (v) Password change menu appears. Change the password/ PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

   (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

   (vii) Select "EVEN" (E-Voting Event Number) of Bal Pharma Ltd.

   (viii) Now you are ready for e-voting as Cast Vote page opens.

   (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

   (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

   (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

   (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to parameshwar@vjkt.in or secretarial@balpharma.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided at the bottom of the Attendance Slip for the AGM: EVEN (E-Voting Event Number) USER ID PASSWORD/PIN.

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

Other Instructions:

(i) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the downloads section of www.evoting.nsdl.com.

(ii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.

(iii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(iv) The e-voting period commences on 19th September, 2017 (9:00 am) and ends on 21st September, 2017 (5:00 pm). During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 15th September, 2017, may cast their vote electronically.

The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(v) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 15th September, 2017.

(vi) if the share holder exercises his vote both electronically and physically, then the vote cast by him electronically will super sede.

(vii) Mr. Parameshwar G Bhat, Practising Company Secretary (Membership No. 8860) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(viii) The Scrutinizer shall within a period not exceeding forty eight (48) hours from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Managing Director or designated Director of the Company.

(viii) The Results shall be declared within forty eight hours from the conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.balpharma.com and on the website of NSDL within two (2) working days of passing of the resolutions at the AGM of the Company and also be communicated to BSE and NSE.

17) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.

18) Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion/ change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.

By the order of the Board of Directors
For **Bal Pharma Limited**

Place : Bengaluru
Date : 10.08.2017

Sanjay Kumar Agarwal
Company Secretary
Membership No. FCS6802

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013:

Item No. 5:

The Members may recall the appointment of Mr. Shailesh D. Siroya as Managing Director of the Company for a tenure of 5 years ending on 31.07.2019. However, his remuneration was approved for a period of 3 years as per Schedule V of the Companies Act, 2013 and it is now recommended before the members to consider revision of remuneration payable for the residual period of 2 years.

In line with the industry norms and remuneration paid to the similar appointees in other Companies and considering the active role played by Mr. Shailesh D. Siroya as Managing Director of the Company, the Nomination and Remuneration Committee of the Company and the Board at its meeting held on 30.05.2017 has recommended for revising the remuneration payable to Mr. Shailesh D. Siroya, from the existing ₹ 6,50,000/- per month to ₹ 8,50,000/- per month, with effect from 01.08.2017 and up to 31.07.2019 i.e for a period of 2 years.

Variable pay based on net profits:

In addition to the salary, perquisites and allowances as set out above, Mr. Shailesh D. Siroya shall be entitled to receive variable commission of up to 5% of the net profits of the Company and the same will be determined by the Board and/or Nomination and Remuneration Committee of the Company for each financial year, which is subject to the approval of the Central government.

Reimbursement of expenses:

Expenses incurred for travelling, boarding and lodging including for his spouse during business trips, any medical assistance provided including for his family members and provision of cars for use of Company's business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

General:

Managing Director will perform his duties with regard to all the commitments of the Company and he will manage and attend to such businesses and carryout the orders and directions given by the Board from time to time in all respects and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board.

Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regards to the duties of Directors.

The office of Managing Director may be terminated by the Company by giving 3 (three) months prior notice in writing.

Mr. Shailesh D. Siroya satisfies all the conditions set out in part-I of Schedule V to the Act as also conditions set out under sub section (3) of Section 196 of the Act, for being eligible to continue as Managing Director of the Company.

The above may be treated as abstract of terms of appointment as per Section 190 of the Companies Act, 2013.

This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board recommends the resolution for approval by the members.

Except Mr. Shailesh D. Siroya and Mr. Shrenik Siroya being relative of Mr. Shailesh D. Siroya, none of the other Directors of the Company or KMPs are interested or concerned in the said resolution.

Item No. 6:

Messrs Desa Marketing International has the experience, expertise, capability and marketing network in sourcing of raw materials and has been promoting the Company's products in India and abroad since last 10 years. The last contract that was executed on 01.04.2014 and duly approved by the members has expired on 31.3.2017. As per Section 188 of the Companies Act, 2013, approval of members is required for entering into contract with a related party. Hence the Company is seeking the approval of the members for the said contract. As the contract with Messrs Desa Marketing International is beneficial to the Company, the Board recommends to renew the contract for a further period of 3 years from 01.04.2017.

The following are the estimated future transactions that the Company is expected to enter into with Messrs Desa Marketing International, during the financial year 2017 to 2020:

Period	Purchase (Rs. in Lakhs)		Sales (₹ In Lakhs)	
	Domestic	International	Domestic	International
01.04.2017 to 31.03.2018	800	5550	900	1000
01.04.2018 to 31.03.2019	850	5650	1150	1200
01.04.2019 to 31.03.2020	900	5800	1350	1400

Under the first proviso of Section 188(1) of the Companies Act, 2013, the Board of Directors of the Company with the consent of the members through a special resolution can enter into a contract or arrangement with a related party with respect to sale, purchase or supply of any goods or services.

As confirmed by the Board of Directors of the Company, the above transaction will be in the ordinary course of business and at arm's length terms.

The Board recommends the resolution for the approval of the members.

As Mr. Shailesh D. Siroya, being the sole proprietor of Messrs Desa Marketing International and Mr. Shrenik Siroya being relative of

Mr. Shailesh D. Siroya are considered as related parties to the transaction proposed and hence, may be deemed as interested or concerned with the proposed transaction.

None of the other Directors or Key Managerial Personnel of the Company is interested or concerned in the resolution proposed.

Item No. 7:

Mr. Pramod Kumar.S (DIN# 00719828) was originally appointed by the Company on 10.05.2012 as 'Director appointed in casual vacancy', a vacancy created by the resignation of Mr. Arun Bhan (DIN # 00105117).

The Company wishes to regularize the services of Mr. Parmod Kumar. S who is currently serving as Independent Non Executive Director of the Company.

The Board recommends the resolution for the approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in resolution set out at Item No. 7.

Item No.8:

The Board of Directors of the Company at its Meeting held on 30.05.2017 has appointed Mr. M. R Krishna Murthy, Cost Accountant (Membership No.7568) as Cost Auditor of the Company for the financial year 2017 - 18 and has fixed ₹ 40,000/- (Rupees Forty Thousand Only) as consolidated remuneration payable to him for F.Y. 2017-18.

The Shareholders may consider ratifying the decision taken by the Board in fixing the remuneration payable to Mr. M.R Krishna Murthy, Cost accountant.

None of the Directors, Key Managerial Personnel of the Company, and their relatives are concerned or interested in resolution set out at Item No. 8.

By the order of the Board of Directors
For **Bal Pharma Limited**

Place : Bengaluru
Date : 10.08.2017

Sanjay Kumar Agarwal
Company Secretary
Membership No. FCS6802

Additional information relevant to Mr. Shailesh D. Siroya, Managing Director (As per Schedule V of the Companies Act, 2013).

General Information:

1.	Name of the Industry	Pharmaceutical Industry
2.	Date or expected date of commencement of commercial production.	The Company was incorporated on 19.05.1987 as a Private Limited Company and its commercial production started from 1992.
3.	Financial performance based on given indicators.	For the F.Y. ended 31.03.2017 ₹ in Cr Total Revenue: : 229.35 Profit before tax : 8.06 Net Profit : 4.96
4.	Export performance and net foreign exchange collaboration.	The Company's export income was ₹ 121.43 crores in F.Y 2016-17 and net foreign exchange earnings during the year is ₹ 115.57 Crores. There was no foreign exchange collaboration.
5.	Foreign Investments or collaborations, if any.	Nil

Information about Mr. Shailesh D. Siroya, Managing Director, whose remuneration is under review.

1.	Name of the Director	Mr.Shailesh D. Siroya.
2.	Brief background	Mr.Shailesh D. Siroya has been associated with the Company from its inception.
3.	Immediate past remuneration	Rs 6,50,000/- was paid as salary and perquisites per month, during F.Y 2016-17.
4.	Job profile and suitability	Mr.Shailesh D. Siroya is the Managing Director of the Company. With his vast experience and knowledge, he is the appropriate person to guide the Company.
5.	Remuneration proposed	Details of remuneration proposed have been given in the notice. Taking into consideration the size of the Company, profile of the appointee, responsibilities shouldered by him, the remuneration proposed is commensurate with the remuneration packages paid or is comparable to other companies in the industry.
6.	Pecuniary relationship with the managerial personnel, if any.	Mr. Shailesh D. Siroya is the brother of Mr. Shrenik Siroya . Apart from this, Mr. Shailesh D. Siroya does not have any pecuniary relationship with any other managerial personnel of the Company.

Additional information about Directors seeking reappointment at the Annual General Meeting, as per Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

Name of the Director	Dr.S.Prasanna.
Date of Birth	20.07.1948
Date of Appointment as executive Director	18.09.2013
Qualification	Phd in organic chemistry.
Experience / Expertise	Has an experience of over 30 years in research and development.
Inter-se relationship with Directors	Nil
Directorship/Membership of committees of the Board of Listed entities	Nil
Share Holding	Dr.S.Prasanna holds 20,200 Equity Shares of the Company, which constitute 0.15% of the Share Capital of the Company.

Route map for AGM Venue



Bharatiya Vidya Bhavan, High Grounds, Sampangi Rama Nagar, Bengaluru, Karnataka 560001.

To the Members

Your Directors are pleased to present the thirtieth (30th) Annual report and the audited financial statements of the Company for the financial year ended 31.03.2017.

FINANCIAL ANALYSIS

The following is the analysis of the consolidated financial statements of the Company during the year under review.

(₹ in Crores)

Particulars	F.y. 2016-17	F.y. 2015-16
Total Income from operations	**234.95**	202.48
Profit from operations before Interest other income and exceptional items	**7.73**	7.84
Tax expense	**3.10**	2.39
Finance cost	**8.48**	6.48
Profit After Tax	**-0.73**	0.26
Profit After Taxes and Minority Interest	**1.98**	0.26
Earnings per Share (in Rupees)	**1.40**	1.73

Appropriations :

Your Directors are pleased to recommend a dividend of ₹1 /- per Equity Share of ₹ 10 each i.e 10% of the Equity Share Capital of the Company thereby appropriating an amount of ₹ 1.41 Crores towards Dividend for the F.Y 2016-17, which is exclusive of the dividend distribution tax of ₹ 28.85 Lakhs.

Share capital :

During the financial year under review, 13,00,000 warrants issued to the financial investors were converted into Equity Shares of the Company after receiving the consideration amount of ₹ 62/- per warrant, thereby the paid up Share Capital of the Company has risen to ₹ 14,17,23,720/- divided into 1,41,72,372 Equity Shares of ₹ 10 each, from the previous year's capital of ₹12,87,23,720/-.

During the financial year 2016-17, the Company has not issued any Equity Shares with differential voting rights, granted stock options nor issued sweat Equity Shares.

MANAGEMENT DISCUSSION AND BUSINESS ANALYSIS

Global Pharma Industry

Pricing pressures in the United States and unstable economic conditions in Brazil, Russia, and China, which collectively drive 50 percent of global pharma revenue, have led to a slowdown in the pharma segment, as have tightening government health care budgets or reductions in out-of-pocket expenditures in these countries and others. Fortunately, the main factors driving health care demand among them, aging populations, the rise of chronic diseases, and the advent of innovative and frequently expensive treatments (e.g., for cancer and Hepatitis C) - has lead to increased pharma spending during 2016 and this may continue in subsequent years. However, many countries have taken steps to contain health care costs - price cuts, value-based pricing and reimbursement, pro-generic policies, and others - are posing key challenges to research-based pharma companies.

Pharma companies are adapting to current market dynamics and positioning themselves for growth through portfolio transformation, targeted deal-making, cost-cutting measures, and sharpened focus on high-performing therapeutic area (TA) and geographic markets.

Indian Pharma Industry

The Indian pharma industry is on a growth path during F.Y 2016-17 and is likely to be in the top 10 global markets in value terms by 2020.

High burden of disease, economic growth leading to higher disposable incomes, improvements in healthcare infrastructure and improved healthcare financing are driving growth in the Indian domestic market.

The Indian pharma industry has been growing at a compounded annual growth rate (CAGR) of more than 15% over the last five years which is among highest in world pharma industry and has significant future growth opportunities. However, for the industry to sustain this robust growth rate till 2020, companies will have to rethink their business strategy. They will have to adopt new business models and think of innovative ideas to service their evolving customers faster and better.

The industry has seen many regulatory interventions over the last one year, which will require careful consideration by Pharma companies as they plan their future strategies.

Pharma companies will continue to grow both organically and inorganically through alliances and partnerships. They will continue to focus on improving operational efficiency and productivity. Developments in the health insurance, medical technology and mobile telephony can help the growth of the pharma industry by removing financial and physical barriers to healthcare access in India.

BUSINESS OPERATIONS: (Standalone)

Turnover and Net profit:

Your Company has registered a total revenue of ₹ 229.35 Crores for the financial year ended 31.03.2017 as against ₹ 199.59 Crores during the previous year thereby registering a growth of 14%.

The Profit before tax (PBT) of the Company has registered a growth of 56% over the previous year PBT of ₹ 5.18 Crores.

The Company has registered a net profit of ₹ 4.96 Crores for the year ended 31.03.2017 as against the net profit of ₹ 2.80 Crores for the previous year, which is 77% growth when compared to previous year's net profits.

The Company has recorded an EPS of ₹ 3.51 per Equity Share of ₹ 10 each as against ₹ 2.18 during the previous year.

Formulations Business:

The formulations business of the Company has contributed a revenue of ₹ 120.49 Crores during F.Y 2016-17 as against the revenue of ₹ 111.03 Crores during F.Y 2015.16. This will translate into a revenue growth of 8% from formulations business of the Company.

Turnover from the export of formulations during F.Y 2016-17 is at ₹ 60.00 Crores as against ₹ 61.51 crores during F.Y 15.16.

Domestic sales of formulations mainly constituting branded formulations has contributed a revenue of ₹ 60.25 Crores during F.Y 2016-17 as against a revenue of ₹ 36.00 Crores during F.Y 2015.16.

Bulk Drugs Business:

As against the total revenue of ₹ 87.31 Crores from the bulk drugs business during F.Y 2015.16, the company has recorded a sales revenue of ₹ 106.31 Crores from bulk drugs for the financial year 2016-17, thereby registering a growth of 18%.

Revenue from export of API products has resulted in a turn over of ₹ 61.43 Crores and domestic sales of the said products has yield a revenue of ₹ 44.88 Crores.

Diabetic and cardiac drugs of the Company continues to earn up to 35% of the total API revenues, both from domestic and export markets.

Performance of Export Business:

The Company has recorded export sales of ₹ 121.43 Crores as against ₹ 115.11 Crores recorded during the previous financial year. This 5% growth in exports sales is due to the Company entering into newer markets and also due to the improvised socio economic conditions of the African markets.

Performance of Domestic Business:

The Company has recorded a revenue of ₹ 105.37 Crores from its domestic business for the financial year 2016-17 as against the domestic revenue of ₹ 82.76 crores, there by showing a growth of 25% from its previous years domestic revenue.

The Company aims at further improving its domestic business by enhancing its production capacities and also by strengthening its marketing capabilities.

NEW PROJECTS:

In order to mitigate the challenge of scarcity in capacity, the Company has commenced its project on construction of an fully integrated API unit with an annual production capacity of 270 metric tonnes of assorted API products which includes Gliclazide, Ebastine, Amiloride HCL, Benzydamine HCL, Pregablin etc, located at Gauribidanur near Bangalore with an estimated investment of ₹ 45.00 Crores.

In the second phase, the Company also have plans to commission a formulations manufacturing unit which will be on line with all the requirements of regulated markets.

In addition to this, the Company assesses the future infrastructure requirements and continuously invests in the same.

AUDIT COMMITTEE:

The Audit Committee, a subcommittee of the Board consists of Mr. Pramod Kumar.S, Dr. G.S.R Subba Rao, Mrs. Sarika Bhandari, Independent Directors of the Company and Mr. Shrenik Siroya who is a Non-Executive Director of the Company.

The Audit Committee of the Company continues to discharge its duties as per the provisions of Section 177 of the Companies Act, 2013 and also the SEBI (LODR) Regulations, 2015.

AUDITORS AND AUDITOR'S REPORT:

a) Statutory Auditors:

Messers TD Jain and D I Sakaria, Chartered Accountants were appointed as Statutory Auditors of the Company from the financial year 2015-16 up to 2017-18 i.e for a tenure of 3 years, subject to ratification of their appointment at successive general meetings by the members.

There are no qualifications or adverse remarks or observations made by the Statutory Auditors in their report.

b) Cost Auditors:

Mr. M.R. Krishna Murthy, Cost accountant, was reappointed as the Cost Auditor of the Company for the financial year 2017-18, to conduct audit of the cost records maintained by the Company.

c) Secretarial Auditors:

Mr. Parameshwar G Bhat, Practising Company Secretary was appointed as the Secretarial Auditor of the Company for the financial year 2016-17. No adverse comments or remarks were made by the Auditor in his report for the year ended 31.3.2017, which is annexed to this report as Annexure 2.

With respect to the observation made by the Secretarial Auditor regarding 'extending loans to other companies which have common Directors', your Directors would like to clarify that

Lifezen Healthcare Pvt Ltd was initially incorporated as a wholly owned subsidiary of Bal Pharma Ltd and the loans extended to the said Company for meeting its working capital requirements in the normal course of business and are arm's length transactions.

d) Internal Auditors:

Messers Bharath & Co, Chartered Accountants, were appointed as the Internal Auditors of the Company for the F.Y 2016-17 and the internal audit reports issued by them were periodically reviewed by the Audit Committee and the Management of the Company is apprised about the observations of the Internal Auditor and on corrective actions, if any, that needs to be taken.

RISK MANAGEMENT:

The Risk Management Committee of the Company comprising of the functional heads of the Company will submit its periodical report to the Board of Directors on the measures to be taken for mitigation of potential risk factors that may affect the business of the Company.

The Risk Management Policy implemented by the Company is available on the website of the Company i.e www.balpharma.com.

Internal Control System and its Adequacy:

Your Company has an adequate system of internal controls with clearly defined authority limits. Internal controls ensure that the Company's assets are protected against loss from unauthorised use or disposition and all transactions are authorised, recorded and reported in conformity with generally accepted accounting principles. These systems are designed to ensure accuracy and reliability of accounting data, promotion of operational efficiency and adherence to the prescribed management principles. These policies are periodically reviewed to meeting business requirements.

Directors' responsibility statement:

In compliance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors wish to confirm:

a) That in preparing the annual accounts, all the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) That the Directors had selected such accounting policies and applied them 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 at the end of the Financial year and of the profit and loss of the Company for that period.

c) That the Directors had 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 / detecting fraud and other irregularities.

d) That the Directors had prepared the annual accounts on a going concern basis.

e) That the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.

f) That the Company had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Related party Transactions:

All contracts /arrangements / transactions entered by the Company during the financial year with related parties were in ordinary course of business and at arm's length basis. As such no particulars of such contracts or arrangements are furnished. For RPT's which are foreseen & repetitive in nature, Omni bus approval of Audit Committee is obtained at the beginning of the financial year. During the year, the Company has not entered into any contract/arrangement/transaction with the related parties that could be considered material i.e exceeding 10% of the annual consolidated turnover of the Company, as defined in the SEBI(LODR) Regulations, 2015.

The Company's policy on the related party transactions as approved by the Board can be assessed from the website i.e www.balpharma.com.

For disclosure relating to the related party transactions, please refer to note # 35 of the financial statements.

Subsidiary, Joint Venture and Associate Companies:

During the year under review, the following Companies continued to be the subsidiaries, joint ventures or associates of Bal Pharma Ltd. A report on the financial performance of each of the subsidiaries, joint ventures or associate companies as per the Companies Act, 2013 is provided in Annexure 1 to the Board's Report and hence not repeated here for the sake of brevity:

Sl. No.	Name of the Company/LLP	Nature of Business	% of stake with Bal Pharma, as on 31.03.2017.
01	Lifezen Healthcare Private Limited	Marketing of OTC products.	50%
02	Bal Research Foundation	Research and Development.	80%
03	Balance Clinics LLP	Diabetic care clinics.	80%

Directors and Key Management Personnel (KMPs):

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Subba Rao Prasanna, Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

The remuneration payable to Mr. Shailesh D. Siroya, Managing Director of the Company is due for revision at the ensuing General Meeting and the Board has proposed a revised remuneration of ₹ 8,50,000/- per month which is subject to the approval of shareholders at the ensuing general meeting.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

The Company has devised a policy for familiarization of Independent Directors on their roles, rights, responsibilities with the Company and the said policy is available on our website.

The Company has also in place a Policy for nomination and remuneration of KMPs, Senior Management personnel and Directors of the Company, which is in compliance with Section 178 of the Companies Act, 2013.

Vigil Mechanism:

The vigil mechanism of the Company which also incorporates Whistle Blower Policy as prescribed by the SEBI(LODR) Regulations, 2015 includes compliance task force comprising of senior executives of the Company. The policy of whistle blower is available on our website.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow:

As per the provisions of Section 134 of the Companies Act, 2013, details relating to the conservation of energy, technology absorption, foreign exchanges earnings and outflow are given as Annexure -3 to this report.

Corporate Governance and Additional Information to the shareholders:

A detailed report on the corporate governance system and practises of the Company are given in a separate section of this report. Additional information to the shareholders is given in shareholders information section.

Particulars of Loans given, investments made, Guarantee's given or security provided by the Company:

The Company makes investments, loans and advances to its subsidiaries for their business purpose. Details of loans, investments and advances covered under Section 186 of the Companies Act, 2013, form part of the notes to the financial statements provided in this annual report.

Material Changes and Commitments affecting the financial position of the Company between the end of the financial year and up to the date of this report:

The Management of the Company has decided to suspend the operations of its IV Fluid and parenterals manufacturing facility at Pune as this unit has been consistently incurring operational losses due to various reasons such as higher costs of raw materials, escalation in production cost, employees cost, lack of adequate orders and thin margins on products manufactured. The above have led to a situation wherein any further efforts to restore the profitability of this Unit will be futile.

This decision was taken as part of the restructuring exercise undertaken by the Company to streamline its operations and to exit from its noncore businesses, so that further deterioration of its noncore business revenues can be plugged.

All the statutory dues pertaining to the said facility has been paid by the Company, which also includes the employees' liability.

Extract of the Annual Return:

In accordance with Section 134 (3) (a) of the Companies Act, 2013, an extract of the Annual return of the Company for the financial year 2016-17 in Form MGT-9 is annexed to this report as Annexure-4.

Corporate Social Responsibility:

Bal Phrma Limited has always been committed to the cause of social responsibility and has channalized a part of its resources and activities, such that it positively affects the society. The Company has taken up various Corporate Social Responsibility (CSR) initiatives during the year which includes promoting awareness on prevention and cure of Diabetes, financial assistance to the hospitals in its vicinity for upgradation of their diagnostic facilities meant for poor people who can not afford expensive diagnostic procedure, drive against polluting industries and undertaking remedial measures to minimise air and water pollution in the surrounding areas of its operations.

The Company has contributed both in cash and kind for its CSR activities and cash component of the CSR activities is mentioned in notes to the financial statements.

Human Resources:

Human resources of the Company has major share in the growth and development of the Company. The Company continues to hire new talent in order to keep pace with the new projects and initiatives undertaken. The Management of the Company aims to strengthen its employee relations through progressive people management.

Board Evaluation:

The Board of Directors of the Company has carried out annual performance evaluation of its own performance, its Committees and individual Directors. The manner of evaluation of the Board is more fully explained in the Corporate Governance Report.

Listing with Stock Exchanges:

The Equity Shares of the Company continued to be listed on BSE Limited, Mumbai and National Stock Exchange of India Ltd, Mumbai and the Company has paid the annual listing fees for F.Y 2017-18 to the exchanges.

CEO & CFO certification:

The CEO and CFO of the Company in their submission to the Board have confirmed through a certificate stating that the annual financial statements presents a true and fair view of the Company's affairs and do not omit any material facts, which may make the statements or figures contained therein either misleading or false.

Insurance Coverage:

The Management of the Company wishes to confirm that all the movable and immovable assets of the Company are covered with comprehensive and adequate insurance cover.

Credit Rating:

The discipline with which the Company conducts its financial transactions is reflected in the BBB(stable) rating given by the credit rating agency ICRA for the financial year 2016-17. The Management

of the Company aims at further improving its credit rating during the current financial year.

Disclosure under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an anti-sexual harassment policy in lines with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. All the employees of the Company, permanent, contractual, temporary or trainees, are covered within the scope of the policy.

The following is the summary of the complaints regarding sexual harassment, received and redressed during the financial year 2016-17.

Number of Complaints received during the year : Nil

Number of Complaints resolved : NA

Number of Complaints pending at the end of the year : NA

Particulars of Employees:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rules 5(1), 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are furnished as "Annexure 5".

General Information:

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

1. Details relating to the deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential voting rights with respect to dividend, voting etc.
3. Issue of shares (including sweat equity shares) to the employees of the Company under any scheme.
4. Neither the Managing Director nor the whole time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the regulators or courts or tribunals which impacts the going concern status of the Company and its operations in future.

Appreciation:

Your Directors express their gratitude to the Company's customers, shareholders, business partners viz. distributors, suppliers, medical professionals, bankers, financial institutions including investors for their valuable, sustainable support and co-operation.

Your Directors commend the continuing commitment and dedicated efforts of employees at all levels, without whose contribution the Company's progress would have remained within the Board room.

For and on behalf of the Board of Directors

Bengaluru	**Dr. S. Prasanna**	**Shailesh D Siroya**
10.08.2017	Whole Time Director	Managing Director

Annexure's to Board's Report

Annexure 1

FORM AOC-1

STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF THE SUBSIDIARIES/ASSOCIATES /JOINT VENTURES.

(Pursuant to first proviso to sub section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014.)

Name of the Subsidiary	Lifezen Healthcare Private Limited	Bal Research Foundation	Balance Clinics LLP
Share Capital	2,00,00,000	10,00,000	10,00,000
Reserves & Surplus	(7,50,36,529)	(1,30,558)	(1,20,12,027)
Total assets	20,36,23,735	9,33,693	30,43,733
Total Liabilities	25,86,60,264	64,250	1,40,55,760
Investments	0	0	0
Turnover	3,63,74,407	0	10,51,955
Profit before taxation	(5,27,39,714)	(1,12,449)	(42.37,211)
Provision for taxation	14,982	0	(72,611)
Profit after tax	(5,27,54,696)	(1,12,449)	(41,64,601)
Proposed Dividend	Nil	Nil	Nil
Share holding structure	Bal Pharma Ltd=50% Bennett, Coleman & Co Ltd=49% Shailesh D. Siroya=1%	Bal Pharma Limited : 80% Shailesh D. Siroya : 20%	Bal Pharma Limited : 80% Shailesh D. Siroya : 20%

Annexure 2

Form No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2017
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
BAL PHARMA LIMITED
Bengaluru

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bal Pharma Limited (CIN: L85110KA1987PLC008368) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Bal Pharma Limited for the financial year ended on 31.03.2017 according to the provisions of:

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

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

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

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

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) The Industry specific laws applicable to the Company are as follows:

a) Pharmacy Act, 1948
b) Drugs and Cosmetics Act, 1940
c) Homoeopathy Central Council Act, 1973
d) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
e) Narcotic Drugs and Psychotropic Substances Act, 1985
f) Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
g) The Medicinal & Toilet Preparations (Excise Duties) Act, 1955
h) Petroleum Act, 1934
i) Poisons Act, 1919
j) Food Safety and Standards Act, 2006
k) Insecticides Act, 1968
l) Biological Diversity Act, 2002
m) The Indian Copyright Act, 1957
n) The Patents Act, 1970
o) The Trade Marks Act, 1999

(vii) The other general laws as may be applicable to the Company including the following:

(1) Employer/Employee Related laws & Rules:

i. Industries (Development & Regulation) Act, 1951
ii. The Factories Act, 1948
iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
iv. The Apprentices Act, 1961
v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
vi. The Employees State Insurance Act, 1948
vii. The Workmen's Compensation Act, 1923
viii. The Maternity Benefits Act, 1961
ix. The Payment of Gratuity Act, 1972
x. The Payment of Bonus Act, 1965
xi. The Industrial Disputes Act, 1947
xii. The Trade Unions Act, 1926
xiii. The Payment of Wages Act, 1936
xiv. The Minimum Wages Act, 1948
xv. The Child Labour (Regulation & Abolition) Act, 1970
xvi. The Contract Labour (Regulation & Abolition) Act, 1970
xvii. The Industrial Employment (Standing Orders) Act, 1946
xviii. Equal Remuneration Act, 1976
xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996

xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
xxiii. Dangerous Machines (Regulation) Act, 1983
xxiv. Indian Boilers Act, 1923
xxv. The Karnataka Shops & Establishments Act, 1961
xxvi. The Industrial Establishments (National and Festival Holidays) Act, 1963
xxvii. The Labour Welfare Fund Act, 1965
xxviii. The Karnataka Daily Wage Employees Welfare Act, 2012
xxix. For majority of Central Labour Laws the State has introduced Rules [names of each of the Rules is not included here]

(2) Environment Related Acts & Rules:

i. The Environment Protection Act, 1986
ii. The Water (Prevention & Control of Pollution) Act, 1974
iii. The Water (Prevention & Control of Pollution) Cess Act, 1977
iv. The Air (Prevention & Control of Pollution) Act, 1981
v. The Government Order Under Environment (Protection) Act, 1986
vi. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
vii. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

(3) Economic/Commercial Laws & Rules:

i. The Competition Act, 2002
ii. The Indian Contract Act, 1872
iii. The Sales of Goods Act, 1930
iv. The Forward Contracts (Regulation) Act, 1952
v. The Indian Stamp Act, 1899
vi. The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS – 2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Certain non material findings made during the course of the audit relating to the provisions of Companies Act, Secretarial Standards, Labour Laws were addressed suitably by the Management. The following are some of the observations which in my opinion will have material impact on the Company's compliance status:

a) Complicances on Secretarial Standards need to be strengthened.
b) The Compnay has advanced loan to other company where there are common Directors.
c) Certain returns/registers required under some of the above mentioned General Laws are not maintained and the Management has represented that the same are being addressed.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

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

(Parameshwar G. Bhat)
Place : Bengaluru
ACS No.: 25167
Date : June 30, 2017
C P No.: 11004

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

Annexure

My 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. My responsibility is to express an opinion on these secretarial records based on our audit.

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

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.

4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.

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

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

(Parameshwar G. Bhat)
Place : Bengaluru
ACS No.: 25167
Date : June 30, 2017
C P No.: 11004

Annexure 3

Conversion of Energy, Technology Absorption & Foreign Exchange Earnings and Outflow:

A. Conservation of Energy

Electricity		2016-17	2015-16
(a)	**Purchased Units**		
	Units (Kwhr)	49,72,736	41,23,782
	Amount - (₹)	3,40,80,375	2,85,26,847
	Rate/Unit - (₹ P.)	6.85	6.92
(b)	**Own Generation through Diesel generator**		
	Units (Through Diesel Generator) – Kw/hr	37,831	1,85,235
	Units / ltr of Diesel.	14.03	3.11
	Cost/unit (₹ P.)	4.01	16.14
(c)	Total Units purchased/generated (Kw/hr)	**50,10,567**	43,09,017

B. CONSUMPTION PER UNIT OF PRODUCTION

		Standards * (if any)	2014-15	2013-14
i.	Electricity			
ii.	Furnace Unit	NA	NA	NA
iii.	Coal			
iv.	Others			

* Owing to the range of products manufactured and the ever changing product mix, it is not possible to establish standards relating to consumption of energy per unit of production;

C. Technology absorption & Adaptation :

The Research and Development vertical of Bal Pharma has continued its activity of developing and standardizing manufacturing processes for bulk drugs possessing varied therapeutic applications.

With the commercial importance of chiral drugs increasing rapidly, the research wing of the Company has been giving more and more attention to this field of chemistry. The term chiral drugs refers to molecules of same chemical structure but different three dimensional arrangements in space. Some very new drugs possessing antitussive activity, calcimimetic activity etc come under this category and are presently the subject of study.

A couple of years ago, the R&D division had developed the process for a very effective drug Aripiprazole for the treatment of schizophrenic disorders. This had been widely welcomed in the market. Now, processes for variants of this particular drug like injectable's, multi hydrated forms etc are being developed. In the same therapeutic field, a few relatively new molecules are under development.

Medicines possessing antihistaminic properties are another area of the Bal Pharma's research activity. Novel drugs having this activity are being concentrated upon. These drugs can be presented either in the tablet or injectable form. Eye drops for treating eye infections are also another variant of this category.

Excess metal ions which the body cannot expel through natural means act as toxic impurities and impair health. Drugs are now being designed to bind these excess metal ions through a process known as chelation followed by expulsion.

Muscle relaxants, anxiolytics and antidepressants are other biomedical products that are being focussed upon.

In the near future, the R&D department is planning entry into the development of drugs in the cardiac segment. Some antithrombotic products are already in line.

D. Expenditure on R&D during the financial year ended 31-03-2017:

i.	Capital	₹ 8,35,674
ii.	Recurring	₹ 1,91,25,548
iii.	Total	₹ 1,99,61,222
iv.	Total R&D expenditure as a percentage of total turnover.	0.86%

4. Foreign Exchange Earnings and Outgo:-

(Amount in ₹)

	2016 -17	2015 -16
Total Foreign Exchange Earnings	1,15,44,87,742	1,09,40,72,710
Total Foreign Exchange outflow	60,48,21,805	50,16,67,045
(a) Towards purchase Raw Materials	58,15,76,884	48,60,64,338
(b) Towards purchase Capital Goods	41,12,866	21,21,403
(c) Towards Other Foreign currency payments		
(i) Travelling Expenses	32,64,345	35,13,768
(ii) Export Promotion Expenses	79,49,401	53,35,216
(iii) Commission of export sales	49,57,231	21,39,838
(iv) Registration fees	29,61,078	24,92,482

Annexure 4

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on financial year ended 31.03.2017

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

I REGISTRATION AND OTHER DETAILS

i) **CIN :** L85110KA1987PLC008368
ii) **Registration Date :** 19/05/1987
iii) **Name of the Company**: BAL PHARMA LIMITED
iv) **Category/Sub Category of the Company:** Public Company/Limited by shares
v) **Registered Office Address:** Plot No.21 & 22, Bommasandra Industrial Area, Bengaluru-560 092.
vi) **Whether Listed Company**: YES
vii) **Name of address of Registrar and Transfer Agent:**

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai - 400 011.
Phone : +91-22-6656 8484
Email-csg-unit@tsrdarashaw.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl No	Name and description of the main products /services	NIC code of the product/ service	% of total turnover of the Company
1	Manufacture of Pharmaceuticals and medical chemicals	2423	100%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
1	Lifezen Healthcare Private Limited 5th Floor, Lakshmi Narayana Complex, Palace Road, Bangalore-560052	U24230KA2014PTC077114	Subsidiary	50	2(87)
2	Bal Research Foundation # 21&22, Bommasandra Industrial Area, Bangalore-560099.	U73100KA2014NPL076995	Subsidiary	80	2(87)
3	Balance Clinics LLP # 18, Ground Floor, 2nd Cross, 8th Main, Vasanth Nagar, Bangalore-560053	AAC-3012	Subsidiary	80	2(87)

IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Cate-gory Code	Category of Shareholders	No.of Shares held at the beginning of the year i.e 01.04.2016				No.of Shares held at the end of the year .i.e 31.03.2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	**A. Promoters**									
(a)	Individuals / Hindu Undivided Family	43,19,779	0	43,19,779	33.56	43,19,779	0	43,19,779	30.48	-3.08
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	13,10,836	0	13,10,836	10.18	13,10,836	0	13,10,836	9.25	-0.93

Category Code	Category of Shareholders	No.of Shares held at the beginning of the year i.e 01.04.2016				No.of Shares held at the end of the year .i.e 31.03.2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(d)	Financial Institutions / Banks	0	0		0.00	0	0		0.00	0.00
(e)	Any Other (Specify)	0	0		0.00	0	0		0.00	0.00
	Sub-Total (A) (1)	**56,30,615**	0	**56,30,615**	**43.74**	**56,30,615**	0	**56,30,615**	**39.73**	-4.01
(2)	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	6,55,187	0	6,55,187	5.09	6,55,187	0	6,55,187	4.62	-0.47
(b)	Bodies Corporate	0	0	0	0.00	0	0		0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0		0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0		0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0		0.00	0.00
	Sub-Total (A) (2)	**6,55,187**	**0**	**6,55,187**	**5.09**	**6,55,187**	**0**	**6,55,187**	**4.62**	**-0.47**
	Total Shareholding of Promoter and Promoter Group (A)	**62,85,802**	**0**	**62,85,802**	**48.83**	**62,85,802**	**0**	**62,85,802**	**44.35**	**-4.48**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds / UTI	0	200	200	0.00	0	200	200	0.00	0.00
(b)	Financial Institutions / Banks	2,000	1,800	3,800	0.03	17,753	1,800	19,553	0.14	0.11
(c)	Cental Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)									
	Sub-Total (B) (1)	**2,000**	**2,000**	**4,000**	**0.03**	**17,753**	**2,000**	**19,753**	**0.14**	**0.11**
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
i	Indian	6,07,347	6,058	6,13,405	4.77	3,78,804	6,058	3,84,862	3	-2.05
ii	Overseas	0	0	0	0.00	0	0	0	0	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	28,36,439	2,70,877	31,07,316	24.14	31,82,296	2,54,454	34,36,750	24	0.11
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	28,61,849	0	28,61,849	22.23	40,45,205	0	40,45,205	29	6.31
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0	0.00
(d)	Any Other									
i	Trust	0	0	0	0.00	0	0	0	0	0.00
	Sub-total (B) (2)	**63,05,635**	**2,76,935**	**65,82,570**	**51.14**	**76,06,305**	**2,60,512**	**78,66,817**	**55.51**	**4.37**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**63,07,635**	**2,78,935**	**65,86,570**	**51.17**	**76,24,058**	**2,62,512**	**78,86,570**	**55.65**	**4.48**
	TOTAL (A)+(B)	**1,25,93,437**	**2,78,935**	**1,28,72,372**	**100.00**	**1,39,09,860**	**2,62,512**	**1,41,72,372**	**100.00**	**0.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	**1,25,93,437**	**2,78,935**	**1,28,72,372**	**100.00**	**1,39,09,860**	**2,62,512**	**1,41,72,372**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sl. No.	Name of the Shareholder Messrs	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encum-bered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Micro Labs Limited	13,10,836	10.18	0.00	13,10,836	9.25	0.00	-0.93
2	Shailesh D. Siroya	12,70,759	9.87	0.00	12,70,759	8.97	0.00	-0.91
3	Anita Siroya	10,18,540	7.91	0.00	10,18,540	7.19	0.00	-0.73
4	Anand Surana	5,25,686	4.08	0.00	5,25,686	3.71	0.00	-0.37
5	Chandraprakash Dheerajmal Siroya	4,86,420	3.78	0.00	4,86,420	3.43	0.00	-0.35
6	Dilip Surana	4,74,994	3.69	0.00	4,74,994	3.35	0.00	-0.34
7	Shrenik D Siroya	3,74,700	2.91	0.00	3,74,700	2.64	0.00	-0.27
8	Archana Surana	2,84,996	2.21	0.00	2,84,996	2.01	0.00	-0.20
9	Monica Surana	1,79,909	1.40	0.00	1,79,909	1.27	0.00	-0.13
10	Dilip Surana (HUF)	1,69,995	1.32	0.00	1,69,995	1.20	0.00	-0.12
11	Anita Chandraprakash Siroya	1,22,687	0.95	0.00	1,22,687	0.87	0.00	-0.09
12	Jivi Dheerajmal Siroya	46,080	0.36	0.00	46,080	0.33	0.00	-0.03
13	Subbarao Prasanna	20,200	0.16	0.00	20,200	0.14	0.00	-0.01
	TOTAL	**62,85,802**	**48.83**		**62,85,802**	**44.35**		

iii) Change in Promoter's Shareholding (please specify,if there is no change)

Sl. No	Name of the Shareholder Messrs	Shareholding at the beginning of the year 01.04.2016		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummlative Shares during the year	
		No. of Shares	% of total shares of the company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	Micro Labs Limited	13,10,836	10.18					13,10,836	9.25
				-	No Change	-	0.00	13,10,836	9.25
				31.03.2017	At the end of the year	-	-	13,10,836	9.25
2	Shailesh D. Siroya	12,70,759	9.87					12,70,759	8.97
				-	No Change	-	0.00	12,70,759	8.97
				31.03.2017	At the end of the year	-	-	12,70,759	8.97
3	Anita Siroya	10,18,540	7.91					10,18,540	7.19
				-	No Change	-	0.00	10,18,540	7.19
				31.03.2017	At the end of the year	-	-	10,18,540	7.19
4	Anand Surana	5,25,686	4.08					5,25,686	3.71
				-	No Change	-	0.00	5,25,686	3.71
				31.03.2017	At the end of the year	-	-	5,25,686	3.71
5	Chandraprakash Dheerajmal Siroya	4,86,420	3.78					4,86,420	3.43
				-	No Change	-	0.00	4,86,420	3.43
				31.03.2017	At the end of the year	-	-	4,86,420	3.43
6	Dilip Surana	4,74,994	3.69					4,74,994	3.35
				-	No Change	-	0.00	4,74,994	3.35
				31.03.2017	At the end of the year	-	-	4,74,994	3.35
7	Shrenik D Siroya	3,74,700	2.91					3,74,700	2.64
				-	No Change	-	0.00	3,74,700	2.64
				31.03.2017	At the end of the year	-	-	3,74,700	2.64

Sl. No	Name of the Shareholder Messrs	Shareholding at the beginning of the year 01.04.2016		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummlative Shares during the year	
		No. of Shares	% of total shares of the company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
8	Archana Surana	2,84,996	2.21					2,84,996	2.01
				-	No Change	-	0.00	2,84,996	2.01
				31.03.2017	At the end of the year	-	-	2,84,996	2.01
9	Monica Surana	1,79,909	1.40					1,79,909	1.27
				-	No Change	-	0.00	1,79,909	1.27
				31.03.2017	At the end of the year	-	-	1,79,909	1.27
10	Dilip Surana (HUF)	1,69,995	1.32					1,69,995	1.20
				-	No Change	-	0.00	1,69,995	1.20
				31.03.2017	At the end of the year	-	-	1,69,995	1.20
11	Anita Chandraprakash Siroya	1,22,687	0.95					1,22,687	0.87
					No Change			1,22,687	0.87
				31.03.2017	At the end of the year	-	-	1,22,687	0.87
12	Jivi Dheerajmal Siroya	46,080	0.36					46,080	0.33
				-	No Change	-	0.00	46,080	0.33
				31.03.2017	At the end of the year	-	-	46,080	0.33
13	Subbarao Prasanna	20,200	0.16					20,200	0.14
				-	No Change	-	0.00	20,200	0.14
				31.03.2017	At the end of the year	-	-	20,200	0.14

(iv) Shareholding Pattern of Top 10 Shareholders (Other than Director, Promoters and Holders of GDRS and ADRs):

Sl. No	Name of the Shareholder Messrs	Shareholding at the beginning of the year 01.04.2016		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummlative Shares during the year	
		No. of Shares	% of total shares of the company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	Ram Keshav Murthy	5,84,000	4.54		**At the beginning of the year**			5,84,000	4.12
				-	No Change	-	0.00	5,84,000	4.12
				31.03.2017	**At the end of the year**	-	-	5,84,000	4.12
2	Prakash Chandra Jain	5,81,270	4.52		At the beginning of the year			5,81,270	4.10
				-	No Change	-	0.00	5,81,270	4.10
				31.03.2017	At the end of the year	-	-	5,81,270	4.10
3	Vipul Kumat	0	0.00		At the beginning of the year			0	0.00
				03-Jun-2016	Purchase of Shares	4,00,000	2.82	4,00,000	0
				31.03.2017	At the end of the year	-	-	4,00,000	2.82
4	Jitendra Tejraj Lunia	900	0.01		At the beginning of the year			900	0.01
				03-Jun-2016	Purchase of Shares	3,00,000	2.12	3,00,900	2
				31.03.2017	At the end of the year	-	-	3,00,900	2.12
5	Naresh D P	0	0.00		**At the beginning of the year**			0	0.00
				03-Jun-2016	Purchase of Shares	3,00,000	2.12	3,00,000	2
				31.03.2017	At the end of the year	-	-	3,00,000	2.12
6	Asha Tapidas Dodhia	0	0.00		**At the beginning of the year**			0	0.00
				03-Jun-2016	Purchase of Shares	3,00,000	2.12	3,00,000	2
				31.03.2017	At the end of the year	-	-	3,00,000	2.12
7	Gautam Chand Mehta	2,10,000	1.63		**At the beginning of the year**			2,10,000	1.48
				31-Mar-2017	Purchase of Shares	10,000	0.07	2,20,000	1.55
				31.03.2017	At the end of the year	-	-	2,20,000	1.55
8	Harsha Sanjay Siroya	1,96,079	1.52		At the beginning of the year			1,96,079	1.38
				18-Nov-2016	Sale of Shares	-1,684	-0.01	1,94,395	1.37
				24-Mar-2017	Sale of Shares	-40,000	-0.28	1,54,395	1.09
				31-Mar-2017	Sale of Shares	-10,000	-0.07	1,44,395	1.02
				31.03.2017	At the end of the year	-	-	1,44,395	1.02

Sl. No	Name of the Shareholder Messrs	Shareholding at the beginning of the year 01.04.2016		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummlative Shares during the year	
		No. of Shares	% of total shares of the company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
9	Vara Lakshmi G	80,415	0.62		**At the beginning of year**			80,415	0.57
				25-Nov-2016	Purchase of Shares	15,000	0.11	95,415	0.67
				31.03.2017	At the end of the year	-	-	95,415	0.67
10	Hasumati Pravin Siroya	2,33,500	1.81		**At the beginning of the year**			2,33,500	1.65
				29-Jul-2016	Sale of Shares	-2,000	-0.01	2,31,500	1.63
				17-Sep-2016	Sale of Shares	-10,000	-0.07	2,21,500	1.56
				22-Sep-2016	Sale of Shares	-35,000	-0.25	1,86,500	1.32
				23-Sep-2016	Sale of Shares	-11,792	-0.08	1,74,708	1.23
				30-Sep-2016	Sale of Shares	-57,958	-0.41	1,16,750	0.82
				21-Oct-2016	Sale of Shares	-25,000	-0.18	91,750	0.65
				28-Oct-2016	Sale of Shares	-6,022	-0.04	85,728	0.60
				25-Nov-2016	Sale of Shares	-2,000	-0.01	83,728	0.59
				16-Dec-2016	Sale of Shares	-9,039	-0.06	74,689	0.53
				20-Jan-2017	Sale of Shares	-5,500	-0.04	69,189	0.49
				31.03.2017	At the end of the year	-	-	69,189	0.49
11	Lalita Ashok Siroya	62,620	0.49		**At the beginning of year**			62,620	0.44
				-	No Change	-	0.00	62,620	0.44
				31.03.2017	**At the end of the year**	-	-	62,620	0.44
12	Chhaganbhai Parsottambhai Patel Huf	5,980	0.49		**At the beginning of year**			5,980	0.04
				15-Sep-2016	Purchase of Shares	14,453	0.10	20,433	0.14
				16-Sep-2016	Purchase of Shares	4,226	0.03	24,659	0.17
				22-Sep-2016	Purchase of Shares	1,321	0.01	25,980	0.18
				09-Dec-2016	Purchase of Shares	5,993	0.04	31,973	0.23
				16-Dec-2016	Purchase of Shares	10,131	0.07	42,104	0.30
				03-Feb-2017	Purchase of Shares	92	0.00	42,196	0.30
				10-Feb-2017	Purchase of Shares	10,908	0.08	53,104	0.37
				31.03.2017	At the end of the year	-	-	53,104	0.37
13	Rambabu Veldi	50,824	0.39		At the beginning of year			50,824	0.36
				07-Oct-2016	Purchase of Shares	20,000	0.14	70,824	0.50
				25-Nov-2016	Sale of Shares	-20,000	-0.14	50,824	0.36
				31.03.2017	**At the end of the year**	-	-	50,824	0.36
14	Kiran Mardia	40,000	0.31		**At the beginning of year**			40,000	0.28
				-	No Change	-	0.00	40,000	0.28
				31.03.2017	**At the end of the year**	-	-	40,000	0.28
15	Leena Gautam Chand Mehta	0	0.00		**At the beginning of year**			0	0.00
				24-Mar-2017	Purchase of Shares	23,809	0.17	23,809	0.17
				31-Mar-2017	**Purchase of Shares**	16,191	0.07	40,000	0.28
				31.03.2017	**At the end of the year**	-	-	40,000	0.28

V) SHAREHOLDING OF DIRECTORS AND KMPS

Sl. No	PAN No.	Name of the Shareholder	Date	Reason	Increase/Decrease in Shareholding		Cummulative Shareholding during the year	
					No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	AWIPS5665B	Mr. Shailesh D. Siroya		At the beginning of the year	0	0.00	12,70,759	8.97
			-	No Change	0	0.00	12,70,759	8.97
			31/03/2017	At the End of the year	-	-	12,70,759	8.97
2	ABLPP7396J	Dr. S. Prasanna		At the beginning of the year	0	0.00	20,200	0.14
			-	No Change	0	0.00	20,200	0.14
			31/03/2017	At the End of the year	-	-	20,200	0.14
3	AABPS5177K	Mr. Shrenik Siroya		At the beginning of the year	0	0.00	3,74,700	2.64
			-	No Change	0	0.00	3,74,700	2.64
			31/03/2017	At the End of the year	-	-	3,74,700	2.64
4	ABPPS0413H	Dr. G. S. R. Subba Rao		At the beginning of the year	0	0.00	0	0.00
			-	No Change	0	0.00	0	0.00
			31/03/2017	At the End of the year	-	-	0	0.00
5	AFKPS0248F	Mr. Pramod Kumar. S		At the beginning of the year	0	0.00	0	0.00
			-	No Change	0	0.00	0	0.00
			31/03/2017	At the End of the year	-	-	0	0.00
6	AFEPA5460R	Mr. Sanjay Kumar Agarwal		At the beginning of the year	0	0.00	0	0.00
			-	No Change	0	0.00	0	0.00
			31/03/2017	At the End of the year	-	-	0	0.00

VI) INDEBTEDNESS

(Amount in ₹ crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year			Nil	
i) Principal Amount	52.04	17.82	-	69.86
ii)Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	-	-	-	-
Total	**52.04**	**17.82**	**-**	**69.86**
Change in indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	68.16	5.93	-	74.09
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**68.16**	**5.93**	**-**	**74.09**

VII REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Director:

(Amount in ₹)

Sl No	Particulars of Remuneration	Mr. Shailesh D Siroya Managing Director	Dr. Subba Rao Prasanna Whole-Time Director	Total
1	**Gross Salary**			
	a) Salary as per the provisions contained in section 17(1) of Income-Tax Act,1961.	78,00,000	30,00,000	1,08,00,000
	b) Value of prequisites u/s 17(2) of Income Tax Act,1961	-	-	-
	c) Profits in lieu of salary under section 17(3) of Income Tax Act,1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission- as % of Profit	-	-	-
5	Others,please specify	-	-	-
	Total (A)	78,00,000	30,00,000	1,08,00,000
	Ceiling as per Central Government / Shareholders approval	78,00,000	30,00,000	1,08,00,000

B. Remuneration to other directors: **(Amount in ₹)**

Sl No	Particulars of Remuneration	Dr. G.S.R. Subbarao	Mr. Pramod Kumar S	Mr. Shrenik Siroya	Mr. Sarika Bhandari	Total
1	Independent Directors					
	· Fee for attending board and committee meetings	5,000	7,000	0	6,000	18,000
	· Commission	-	-		-	-
	· others	-	-		-	-
	Total (1)	**0**	**0**	**0**	**0**	**0**
2	Other Non-executive Directors					
	· Fee for attending Board Committee meetings			-		
	· Commission			-		
	· Others,please specify			-		
	Total (2)	0	0	0	0	0
	Total (B)=(1+2)	**5,000**	**7,000**	**0**	**6,000**	**18,000**
	Total managerial Remuneration	**5,000**	**7,000**	0	**6,000**	**18,000**
	Overall ceiling as per the Act	**Sitting fees of upto ₹ 1,00,000/meeting.**				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/WTD/ID **(Amount in ₹)**

Sl No	Particulars of Remuneration	CFO & CS	TOTAL
1	**Gross Salary**		
	(a) Salary as per provisions of Section 17(1) of Income Tax Act,1961	21,87,892	21,87,892
	(b) Value of perquisites u/s 17(2) Income Tax Act,1961.	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission – as % of profit	-	-
5	Others, Please specify	-	-
	Total (A)	21,87,892	21,87,892

VIII COMPOUNDING/PENALTIES/PUNISHMENT FOR OFFENCES

There were no penalties /punishments/compounding of offences as on financial year ended 31.03.2017.

Annexure 5

PARTICULARS OF EMPLOYEES:

Information as per Rule 5(1) of Companies (Appointment and remuneration of managerial personnel) Rules, 2014.

a. The Nomination and Remuneration Committee of the Company fixes the remuneration of whole time Directors and key managerial personnel and is as per the remuneration policy of the Company.

b.

Name and Designation of Director & KMP	Ratio of remuneration of each Director to the median remuneration of employee of the Company for F.Y 2016-17.	% Increase/ Decrease in remuneration in the F.Y 2016-17.
1. Mr. Shialesh D. Siroya	37:1	Nil
2. Dr. Subbarao Prasanna	20:1	Nil
3. Mr. Sanjay Kumar Agarwal	11:1	Nil

c. % increase in the median remuneration of the employees in the financial year: 5%

d. Number of permanent employees on the rolls of the Company: 1,110.

e. Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration: Average increase in the remuneration of the employees for the financial year 2016-17 was 5% against NO increase in the % of managerial remuneration of Directors & KMPs. The percentile increase in the median remuneration and that of managerial personnel does not require any justification.

REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2016-17

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Bal Pharma Limited has been laying significant emphasis on Corporate Governance. As a part of its growth strategy, the Company believes in adopting the 'Best Practices' which are normally followed in the area of Corporate Governance across various geographies by well managed companies. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholder and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

2. BOARD OF DIRECTORS:

2.1 Composition:

The Board consists of 6 Directors, of which 3 Directors are Independent. The composition of Board is in conformity with the relevant Regulations of the SEBI (LODR) Regulations, 2015.

Composition of the Board is as follows:

Sl. No.	Name of the Director	Directors Identification Number	Designation
1.	Mr. Shailesh D. Siroya	00048109	Managing Director
2.	Dr. S. Prasanna	00084602	Whole-Time Director
3.	Mr. Shrenik Siroya	00078892	Non-Executive Director & Non Independent.
4.	Dr. G.S.R Subba Rao	00048126	Independent Director
5.	Mr. Pramod Kumar S	00719828	Independent Director
6.	Mrs. Sarika Bhandari	07140112	Independent Director

All Independent Directors possess the requisite qualifications and are experienced in their own fields. None of the Directors is a member of more than ten committees or Chairman of more than five committees in public listed companies in which they are Directors. Necessary disclosures have been obtained from all the Directors regarding their directorships and have been taken on record by the Board.

2.2 Board Meetings:

During the financial year under review, 5 (five) Board Meetings were held on 13-04-2016, 25-05-2016, 10-08-2016, 14-11-2016 and on 07-02-2017. Compositions of the Board, attendance of the members of the Board at the Board meetings and Annual General Meeting along with their Chairmanship/Membership on Boards/Committees during the financial year 2016-17 are as furnished below:

Sl. No.	Name of the Director	Category	Attendance at		Total number of Directorships in Boards of public Limited companies as on the date of this report	Total Number of memberships in Committees of Public Limited Companies on the date of this report	
			Board Meetings	Last AGM held on 22.09.2016		As Chairman	As Member
1.	Mr. Shailesh D. Siroya	Executive Director	5	YES	2	0	2
2.	Dr. S.Prasanna	Executive Director	5	YES	1	0	1
3.	Mr. Shrenik Siroya	Non-Executive and Non-Independent Director	3	NO	1	0	3
4.	Dr. G.S.R Subbarao	Independent Director	3	YES	1	1	4
5.	Mr. Pramod kumar.S	Independent Director	4	YES	2	2	0
6.	Mrs. Sarika Bhandari	Independent Director	4	NO	1	0	2

Notes:

1. Other directorships excludes Foreign Companies, Private Limited Companies and alternate Directorships.
2. Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for other committee memberships.

2.3 TRANSACTIONS OF THE BOARD

Board Meetings are governed by structured agenda. The Board, in consultation with the Managing Director, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to make informed decisions. Agenda papers and all the supporting information are circulated at least seven working days prior to the Board meeting date among the Board members.

Information placed before the Board

The following among other things are tabled for the Board's periodic review/information/approval:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of the Audit Committee and of Subsidiaries and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non payment of goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions which involve any substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary retirement Scheme etc.
- Sales of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movement, if material.
- Non-Compliance of any regulatory, statutory or listing requirements and shareholder services such as non payment of dividend, delay in share transfer etc.

2.4 BOARD COMMITTEES:

Currently, the Board has 5 (five) Committees namely (1) Audit Committee (2) Nomination and Remuneration Committee (3) Stakeholders' Relationship Committee (4) Corporate Social Responsibility Committee and (5) Banking Transaction Committee (Non Statutory Committee).

The Board decides the terms of reference of these Committees and the assignment of its Members thereof.

3. AUDIT COMMITTEE:

The Audit Committee assists the Board in the dissemination of financial information and in overseeing the financial and accounting processes in the Company. The terms of reference of Audit Committee covers all matters specified in SEBI (LODR) Regulations, 2015 and also those specified in Section 177 of Companies Act, 2013.

The terms of reference broadly include:

- Review of internal Audit Reports and action taken reports.
- Assessment of the efficiency of internal control systems/ financial reporting systems and reviewing the efficiency of the financial policies and the practices followed by the company.
- Review of the compliances with the legal and Statutory requirements, the quarterly and annual financial statement and related party transactions and report its findings to the Board.
- Recommendations of the appointment of the Internal Auditor, Statutory Auditor and Cost Auditor.
- Noting of any default in the payments to creditors and shareholders.
- Such other matters as may be specifically referred to it by the Board.

The Audit Committee comprises of the following Directors for the year ended 31st March, 2017:

Sl. No.	Name of the Member	Category
1.	Mr.Pramod Kumar.S, Chairman.	Independent Director
2.	Mr. Shrenik Siroya, Member.	Non-Executive Director
3.	Dr.G.S.R Subba Rao, Member.	Independent Director
4.	Mrs. Sarika Bhandari, Member.	Independent Director

- As on 31st March 2017, the Committee comprised of three Independent Directors and one Non-Executive Director, all of whom are financially literate and have relevant finance/ audit exposure.
- The Company Secretary acts as the Secretary to the Committee.
- The composition of the Audit Committee is as per the SEBI (LODR) Regulations, 2015. Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 22nd September, 2016.

The Audit Committee met four (4) times during the year on 18.05.2016, 10.08.2016, 14.11.2016, and 07.02.2017. The details are as follows:

Sl. No.	Name of the Member	Number of meeting attended
1.	Mr.Pramod Kumar.S, Chairman	3
2.	Mr. Shrenik Siroya, Member	2
3.	Dr.G.S.R Subba Rao, Member	3
4.	Mrs. Sarika Bhandari, Member	4

4. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee functions as per the provisions of Section 178 of the Companies Act, 2013.

4.1 Brief description of terms of reference:

- To guide the Board in relation to appointment and removal of the Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

4.2 Composition of the Committee and attendance of the members:

Sl. No.	Name of the Member	Number of meeting attended
1.	Mr.Pramod Kumar.S, Chairman	1
2.	Mr. Shrenik Siroya, Member	1
3.	Dr. G.S.R Subba Rao, Member	1
4.	Mrs. Sarika Bhandari, Member	1

4.3 Remuneration Policy:

The Company has framed detailed Remuneration Policy as per the requirement of Companies Act, 2013. The policy is available on the website of the Company (www.balpharma.com/pdf/Nomination_and_Remuneration%20Policy.pdf).

4.4 The Nomination and Remuneration Committee is also authorized to function as 'Compensation Committee' under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

4.5 The Remuneration paid to Mr. Shailesh D. Siroya (Managing Director), Dr. S. Prasanna, (Whole Time Director) and sitting fee paid to Non-executive Director and Independent Directors, during the year 2016-17 are as under:

(Amount in ₹)

Sl. No.	Particulars	Mr. Shailesh D. Siroya	Dr. S. Prasanna	Mr. Shrenik Siroya	Dr. G.S.R. Subba Rao	Mr. Pramod Kumar.S	Mrs. Sarika Bhandari
1	Salary and Perquisites	78,00,000	30,00,000	N.A.	N.A.	N.A.	N.A.
2	Sitting Fees	N.A.	N.A.	N.A.	5,000	7,000	6,000
	TOTAL	**78,00,000**	**30,00,000**	**N.A.**	**5,000**	**7,000**	**6,000**

Remuneration paid to Whole time Directors, KMPs and Employees of the Company is based on the Remuneration policy adopted by the Company.

4.6 There were no pecuniary relationships or transactions of the Non-executive Directors vis-a-vis the Company during the Financial Year ended 31st March, 2017.

4.7 Details of Equity Shares held by Non- executive Directors as on 31.03.2017:

Sl. No.	Director	No. of Equity Shares held
1.	Dr. G.S.R Subba Rao, Member	Nil
2.	Mr. Shrenik Siroya, Member	3,74,700
3.	Mr. Pramod Kumar.S, Chairman	140
4.	Mrs. Sarika Bhandari, Member	Nil

5. STAKE HOLDER'S RELATIONSHIP COMMITTEE:

5.1 The Committee consists of the following members of the Board:

Sl. No.	Name of the Member	Category
1	Dr. G.S.R Subba Rao, Chairman	Non Executive Director
2	Mr. Shrenik Siroya, Member	Non Executive Director
3	Mr. Shailesh D. Siroya, Member	Executive Director

5.2 The Committee meets on need basis to dispose off the matters under its reference.

5.3 Name and designation of the Compliance Officer: Mr. Sanjay Kumar Agarwal

5.4 Investor Queries/Requests/ Complaints handled:

Year	Outstanding as on 31.03.2016	Received during the FY 2016-17	Resolved during the FY 2016-17	Pending as on 31.03.2017
2016-17	NIL	46	46	NIL

6. OTHER COMMITTEES:

6.1 Banking Transactions Committee.

Considering the size and the continuous growth of both the Company and its banking transactions, a Sub-Committee of Board, named as Banking Transactions Committee was constituted on 30th April, 2006 for approving specific banking transactions, annexed below:

a) To review periodically the banking transactions of the Company;
b) To open new bank accounts for the business purposes of the Company, wherever required;
c) To close bank accounts of the Company, where required
d) To change signatories to the bank accounts of the Company, where required;
e) To borrow funds from various Banks and financial institutions, within the limits prescribed towards working capital and for purchase of movable and immovable assets and to create charge of these assets.

The Committee comprises of Mr. Shailesh D. Siroya, Managing Director, Dr. S Prasanna, Whole time Director and Dr. G S R Subba Rao, Independent Director.

7. MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met on 07.02.2017 during the year to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and has accessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Company has also during the year conducted familiarization programmes for Independent Directors of the Company and the details of such familiarization programmes was disseminated on the websites of the Company (www.balpharma.com/pdf/Familiarization_program_for_Director's.pdf).

8. GENERAL BODY MEETINGS:

8.1 The details of the last three Annual General Meetings held are as follows:

Financial Year	Date	Time	Location
2013-14	18-09-2014	11:00 AM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001.
2014-15	22-09-2015	11:30 AM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001.
2015-16	22-09-2016	10:30 AM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001.

8.2 The Special Resolutions passed by the Company in its 27th, 28th and 29th AGM(s) are as under:

Date of AGM	AGM No.	Business Transacted by Special Resolution
18-09-2014	27th	1. Appointment of Dr. G.S.R Subba Rao as Independent Director. 2. Appointment of Mr. Pramod Kumar. S as Independent Director. 3. Reappointment of Mr. Shailesh D. Siroya as Managing Director of the Company. 4. Approval to enter into contract or arrangement with Messrs Desa Marketing International. 5. Approval of Bal Pharma Limited Employees Stock Option Plan, 2014. 6. Approval for the preferential issue of convertible warrants to the investors.
22-09-2015	28th	1. Approval for borrowings in excess of prescribed limits.
22-09-2016	29th	1. Re-appointment of Dr. Subba Rao Prasanna as Whole time Director. 2. To ratify the Cost Auditor's Remuneration.

8.3 e-Voting:

The Company has entered into a tripartite agreement with National Securities Depository Ltd (NSDL) and T.S.R Darashaw Private Limited, Mumbai (R&T agents) for providing e-voting facility to shareholders, as specified in Section 108 of the Companies Act, 2013 and Regulation 44 of the SEBI (LODR) Regulations,2015.

8.4 Postal Ballot:

The Company has not passed any resolution by way of Postal Ballot during the Financial year 2016-17.

9. SUBSIDIARY /ASSOCIATE COMPANIES:

During the year under review, Lifezen Healthcare Private Limited, Bal Research Foundation and Balance Clinics LLP continue to be the Subsidiaries/ Associates of the Company.

10. WHISTLE BLOWER POLICY:

The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour.

As per the requirements of the SEBI (LODR) Regulations, 2015, the Company has issued a circular including the employees about their right to access the Audit Committee for the purpose of bringing to the committee's notice unethical or improper practice in the Company. The Company affirms that no employee has been denied access to the Audit Committee. The Directors and Management personnel are obliged to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discrimination.

11. DISCLOSURES:

11.1 Related Party Transactions:

There have been no other materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries or relatives, which may have potential conflicts with the interest of the Company at large.

The Company has also formulated a policy for determining the material Related Party Transaction and detail of such policies for dealing with related party and the related party transactions are disseminated in the website of the Company, (www.balpharma.com/pdf/Policy_on_dealing_with_Related_Party_Transactions.pdf)

11.2. Compliances:

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the stock exchanges or SEBI or any other statutory authority on such matters.

11.3. Demat suspense Account:

As the Company does not have any outstanding /unclaimed shares, the Board is not reporting the details of the outstanding shares in the demat suspense account.

11.4. Transfer of shares to IEPF Suspense Account:

As the Company does not have any outstanding dividend amount for 7 years and above as on 31.03.2017, the Company has not transferred any Equity Shares belonging to the shareholders of the company, whose dividend is outstanding for 7 years and above, to the IEPF suspense account, as per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

12. MEANS OF COMMUNICATIONS:

a) The Un-audited quarterly results of the Company are published in newspapers such as Financial Express, Bengaluru & Mumbai editions and Sanjevani newspapers. The financial results are uploaded on the website on periodic intervals for the benefit of our shareholders.

b) The financial result and other information about the Company were disseminated to the stock exchanges for its updation on their respective websites.

c) Pursuant to the Listing Regulations, all data related to quarterly financial results, shareholding pattern, etc are filed in NEAPS within the time frame prescribed in this regard.

d) No presentations have been made to institutional investors or to analysts.

13. RISK MANAGEMENT:

Risk Management is attempting to identify and then manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The Company has constituted the Risk Management Committee with various functional heads of the Company and the Company Secretary, as its members.

14. GENERAL INFORMATION TO SHAREHOLDERS:

a) Annual General Meeting:

Date of Incorporation	May 19, 1987
CIN	L85110KA1987PLC008368
Date and time of the 30th Annual General meeting.	22-09-2017 at 11:00 AM
Venue of Annual General Meeting	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru - 560001
Date of Book Closure	18.09.2017 to 22.09.2017 (both days inclusive)
Financial Year	1st April, 2016 - 31st March, 2017

b) Financial Calendar 2017-18 (tentative):

Financial reporting for the first quarter ended on 30-06-2017	Within 75 days from the end of quarter.*
Financial reporting for the second quarter ended on 30-09-2017	Within 75 days from the end of quarter.*
Financial reporting for the third quarter ended 31-12-2017	Within 45 days from the end of quarter.*
Financial reporting for the quarter & year ended on 31-03-2018	Within 60 days from the end of financial year.*

* As the Company is adopting IND AS accounting standards from F.Y 2017-18 onwards, only tentative date for announcing the quarterly and annual financial results is stated as "within the stipulated time period, instead of mentioning a particular date.

c) Particulars of payment of Dividend for the year ended 31.03.2017:

Date of Declaration (if approved at the General Meeting)	22.09.2017
Rate of Dividend (proposed)	10%
Book Closure Date	18.09.2017 to 22.09.2017 (Both days inclusive)
Date of payment of dividend (subject to approval at the general meeting)	13.10.2017
Amount of dividend to be paid	₹ 1,41,72,372/-
Share Capital	₹ 14,17,23,720/-

d) Listing of Shares:

Name of the Stock Exchange	Stock Code
BSE Ltd (BSE)	524824
National Stock Exchange of India Ltd (NSE)	BALPH
ISIN Number	INE083D01012.

e) Market Price Data:

Monthly high and low quotations as well as the volume of shares traded at National Stock Exchange of India Limited during F.Y 2016-17 are as under:

Month	Month's High Price ₹	Month's Low Price ₹	Total volume of shares traded
April 2016	109.55	95.75	14,24,706
May 2016	102.8	82.20	17,48,844
June 2016	92.05	80.65	38,09,989
July 2016	106.30	86.35	48,13,572
August 2016	100.60	82.05	11,68,874
September 2016	112.50	86.70	77,37,109
October 2016	123.45	108.00	50,59,309
November 2016	118.00	87.50	16,75,134
December 2016	107.50	88.55	5,94,950
January 2017	95.95	89.7	3,73,025
February 2017	100.75	83.95	9,52,177
March 2017	97.95	86.10	8,55,706

Monthly high and low quotations as well as the volume of shares traded at BSE Limited, during 2016-17 are as under:

Month	Month's High Price ₹	Month's Low Price ₹	Total volume of shares traded
April 2016	109.60	96.20	4,56,028
May 2016	102.50	84.55	2,19,936
June 2016	92.50	81.00	3,20,040
July 2016	109.00	87.00	9,84,957
August 2016	100.45	82.05	3,66,303
September 2016	112.00	84.05	14,34,947
October 2016	123.30	108.45	9,67,349
November 2016	118.00	87.55	3,51,037
December 2016	105.00	88.70	2,63,932
January 2017	96.00	90.20	2,38,330
February 2017	100.80	89.00	2,47,417
March 2017	97.55	86.45	3,13,117

f) Distribution of Shareholding as on 31.03.2017:

Range Start	Range End	Total Shares	Percentage of Capital	Total Number of shareholders	% of total Security holders
1	5,000	12,40,492	8.75	9,151	85.57
5,001	10,000	6,73,910	4.76	820	7.67
10,001	20,000	5,20,455	3.67	334	3.12
20,001	30,000	3,09,013	2.18	120	1.12
30,001	40,000	1,92,837	1.36	54	0.50
40,001	50,000	2,94,897	2.08	63	0.59
50,001	1,00,000	4,81,266	3.40	63	0.59
1,00,001	9,99,99,99,999	1,04,59,502	73.80	89	0.83
Total		**1,41,72,372**	**100.00**	**10,694**	**100.00**

g) Categories of Shareholders as on 31.03.2017:

Sl No	Category	No of Shareholders	No of shares held	% of shareholding
1	Financial Institutions/ Banks	3	19,553	0.13
2	Mutual Fund	1	200	0.0015
3	Body Corporate	99	1,67,499	1.30
4	Promoters, Directors & Relatives	13	62,85,802	44.35
5	Indian Public	10,578	76,99,318	54.2
	Total	**10694**	**1,41,72,372**	**100**

h) Detail of shares held in Demat and Physical form:

Name of the Depository	Number of shareholders	Number of shares held	% to total capital
NSDL	5,630	1,05,24,488	74.26
CDSL	3,487	33,85,372	23.89
Physical	1,577	2,62,512	1.85
Total	**10,694**	**1,41,72,372**	**100.00**

i) Share Transfer System:

The Company's shares are listed and traded on the Stock Exchange in compulsory Demat mode. Shares in physical form which are lodged for transfer at the investor Service Centre of our R&T agent are processed and credit of shares have been given to the investors Demat account.

Periodical audits are carried out at the office of the Share Transfer Agents by independent Practising Company Secretary and requisite Compliance Certificates/Reports are obtained by the Company from Practising Company Secretary.

TSR Darashaw Limited, Mumbai, is the Share Transfer Agent of the Company for both physical and electronic mode of transfer of the Company's shares. Transfer of shares held in the physical mode are approved within a maximum period of 15 days, if found in order. Shares under objection are returned within 7 days.

Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.

The Demat requests are processed within 21 days from the date of request. The Shareholder's and Investors Grievances Committee whose terms of reference include approving physical transfer of shares meets as and when required.

j) Details of the outstanding amounts in the unpaid Dividend amounts:

Year	Amount in ₹
2012-13	1,65,932
2013-14	2,24,684
2014-15	2,35,058
2015-16	2,50,309
Total	**8,75,983**

As per Section 125 of the Companies Act, 2013, dividends which remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

- Shareholders are advised to en-cash their dividend before the due date for transfer of unclaimed dividend amount to IEPF account.
- Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.

k) Request to Investors:

Shareholders are requested to follow the general safeguards/ procedures as detailed here under in order to avoid risks, while dealing in the securities of the Company.

- Shareholders are requested to convert their physical holding of share certificates into demat/electronic form through any of the DP's to avoid any possibility of the loss, mutilation etc, of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form should communicate the change of address, if any, directly to the Registrar and Share Transfer Agent of the Company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the Nomination Form SH-13. Those holding shares in electronic form are advised to contact their DP's.
- As required by SEBI, it is advised that the shareholder furnish details of their bank account and name address of their bank for incorporating the same in the dividend warrants. This would avoid credits being given to the unauthorized persons.

l) Reconciliation of Share Capital Audit:

Quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the Company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificate were submitted to the Stock Exchange within the prescribed time limit. As on 31st March, 2017 there was no difference between the issued capital and the listed capital and the aggregate of shares held by investors in both physical and electronic form with the depositories. 1,39,09,860 Equity Shares of the Company representing 98.15% of the Paid Up Equity Capital have been dematerialized as on 31st March, 2017.

m) **Locations of manufacturing Units:**

1) **Unit 1(Formulations)**
21 & 22, Bommasandra Industrial Area
Bangalore - 560092.

2) **Unit 2 (API & Intermediates)**
61/B, Bommasandra Industrial Area
Bangalore-560 092.

3) **Unit 3 (Parenterals)**
732/735, Off National Highway No.4
Village Kenjal-412217,
Dist Bhor. Maharashtra.

4) **Unit 4 (Formulations)**
Plot # 1,2,3 & 69, Sector 4, IIE-Pantnagar
Rudrapur, Udham Singh Nagar-263153
Uttarakhand.

5) **Unit 5 (API's and Intermediates)**
Thabadewadi Post, Kavatha Mahankal
Sangli-416405, Mahatashtra.

n) Address for Correspondence:

Compliance Officer
Bal Pharma Limited,
Corporate Office:
5th Floor, 'Lakshmi Narayan Complex',
10/1, Palace Road, Bengaluru – 560052
Tel: 080 - 41379500 Fax: 080 - 22354057
Email:- secretarial@balpharma.com

TSR Darashaw Limited,
6-10, Haji Moosa Patrawala Industrial Estate
20 Dr. E. Moses Road, Mahalaxmi,
Mumbai -400 011.
Phone:-91-22-66568484 : Fax :-91-22-66568494
Email: - csg-unit@tsrdarashaw.com

Shareholders can also contact the branch offices/Agencies of TSR Darashaw Limited, whose addresses are given below:

i. TSR Darashaw Limited, 503, Barton Centre, 84, MG Road, Bengaluru – 560 001, Tel: 080-25580019/25320321, Fax: 080-25580019, Email: tsrdlbang@tsrdarashaw.com.

ii. TSR Darashaw Limited, Bungalow No: 1 E Road, Northern Town, Bistupur, Jamshedpur – 831001, Tel: 0657-2426616, Fax: 0657-2426937, Email: tsrdljsr@tsrdarashaw.com.

iii. TSR Darashaw Limited, Tata Centre, 1 st floor, 43, Jawaharlal Nehru Road, Kolkata 700071. Tel: 033- 22883087, Fax: 033-22883062, Email: tsrdlcal@tsrdarashaw.com.

iv. TSR Darashaw Limited, Plot No: 2/42, Sant Vihar, Ansari Road, Darya Ganj, Fax: 011-23271802, Email: tsrdldel@tsrdarashaw.com.

v. Agent: Shah Consultancy Services Pvt. Ltd, 3 Sumatinath Complex, 2nd Dhal Pritam Nagar, Ellisbridge, Ashram Road, Ahmedabad – 380006, Telefax: 079 – 26576038, Email ID shahconsultancy8154@gmail.com.

DECLARATION BY MANAGING DIRECTOR ON CODE OF CONDUCT AS PER REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2013

To

The Members
Bal Pharma Limited
Bangalore.

I hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2017.

Place : Bengaluru
Date : 30.05.2017

Shailesh D Siroya
Managing Director

CEO & CFO certification

To
The Board of Directors
Bal Pharma Limited
Bangalore.

SUB : CEO & CFO Certification
Ref : As per Regulation 17(8) of SEBI (LODR) Regulations

A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2017 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
(2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity 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 year;
(2) significant changes in accounting policies during the year 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.

Chief Executive Officer / MD

Chief Financial Officer

Dated : 30.05.2017

Certificate on compliance with the conditions of the Corporate Governance as required under the SEBI (LODR) Regulations, 2015

To
The Members
Bal Pharma Limited
Bangalore

I have examined all the relevant records of Bal Pharma Limited ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the year ended 31st March, 2017 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations.

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

Place : Bengaluru
Date : 22nd July, 2017

Vijayakrishna K T
Company Secretary
FCS-1788 CP-980

TO THE MEMBERS OF BAL PHARMA LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **BAL PHARMA LIMITED,** ("the company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Standalone Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act 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 31st March 2017, its profits 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 sub-section (11) of section 143 of the Act, we give in the **'Annexure-A'** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating

effectiveness of such controls, refer to our separate report in **'Annexure-B'.**

(g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i) The Company has disclosed the impact, if any, of pending litigations as at 31 March 2017, on its financial position in its financial statements – Refer Note 38 to the 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 has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.

iv) The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of account maintained by the company. Refer Note 48 to the standalone financial statements.

For **M/s T D JAIN AND D I SAKARIA**
Chartered Accountants
Firm registration no: 002491S

T D JAIN
Partner
M. No.: 012034

Bengaluru
30 May 2017

Annexure-A to the Independent Auditor's Report

(The annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Bal Pharma Limited for the year ended 31 March 2017)

i. In respect of its fixed assets

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As informed to us by the management, the Company has a policy of physically verifying fixed assets in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there were no material discrepancies noticed on such verification.

(c) The title deeds of all the immovable properties are held in the name of the company.

ii. As explained to us, the inventories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.

iii. The Company has granted unsecured loans to companies and Limited Liability Partnerships covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(a) We are unable to comment as to whether the terms and conditions of the loans granted to the companies and Limited Liability Partnerships covered in the register maintained under Section 189 of the Act, are not prejudicial to the Company's interest as there has been no stipulation with respect to the same.

(b) We are unable to comment on the repayment of loans granted to companies and Limited Liability Partnerships covered in the register maintained under Section 189 of the Act, as there has been no stipulation with respect to the repayment of such loans or the payment of interest.

(c) We are also unable to ascertain the overdue amount as there has been no stipulation with respect to the repayment of such loans or the payment of interest.

iv. In respect of loans, investments and guarantees, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

v. The Company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(v) of CARO is not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, as amended, specified by the Central Government under Section 148(1) of the Companies Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to information and explanations given to us:

(a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) On the basis of our examination of the documents and records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of an any dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:

Name of Statue	Nature of dues	Forum where dispute is pending	Period(s) to which the amount relates	Amount involved* (₹)
Chapter V of Finance Act, 1994	Service Tax and equivalent penalty	Commissioner of Central Excise	Nov 2007 to March 2012	85,88,511
The Central Excise Act, 1944	Central Excise Duty and Penalty	Commissioner of Central Excise	January to October 2010	2,88,356
The Central Excise Act, 1944	Central Excise Duty and Penalty	CESTAT	January to October 2010	24,91,506
The Central Excise Act, 1944	Central Excise Duty	CESTAT	Nov 2007 to July 2011	85,01,823
The Central Excise Act, 1944	Central Excise Duty and Penalty	CESTAT	July 2011 to December 2011	1,79,119
The Central Excise Act, 1944	Central Excise Duty and Penalty	CESTAT	Jan to Feb 2012	3,28,671
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	March -June 2012	1,91,590
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	July 2012 to January 2013	11,59,254
The Central Excise Act, 1944	Central Excise Duty and Penalty	Additional Commissioner of Central Excise	December 2008	1,79,184
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2010-11,2011-12 & 2012-13	21,82,891
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	3,25,881
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	4,16,416
Income Tax Act, 1961	Income Tax	Honourable High Court of Karnataka	FY 2005-06	9,63,682
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14	4,20,945
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	3,06,151
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2014-15	2,73,898
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	1,53,283
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	1,17,741

* Net of amounts paid under protest or otherwise. Amount as per demand order including interest wherever quantified.

viii. Based on our audit procedures, information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.

ix. In our opinion and according to the information and explanations given to us, the term loans taken by the company during the year have been applied for the purposes for which they were obtained. Further, the company has not raised any money by way of public issue/ follow on offer.

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

xi. The Managerial Remuneration has been paid in accordance with the requisite approvals mandated by section 197 read with Schedule V of the Companies Act.

xii. The company is not a Nidhi Company and therefore clause 3(xii) of the Order is not applicable to the company.

xiii. All transactions with the related parties are in compliance with Section 188 and 177 (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the standalone financial statements as required by the Accounting standards and Companies Act, 2013.

xiv. The requirements of Section 42 of the Companies Act, 2013 regarding preferential allotment of shares made during the year under review have been complied with. Further, the amounts raised have been used for the purposes for which the funds were raised.

xv. The Company has not entered into any non-cash transactions with directors or persons connected with him and therefore clause 3(xv) of the Order is not applicable.

xvi. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For **M/s T D JAIN AND D I SAKARIA**
Chartered Accountants
Firm registration no: 002491S

T D JAIN
Partner
M. No.: 012034

Bengaluru
30 May 2017

'Annexure – B' to the Independent Auditors' Report of Even Date on the Standalone Financial Statements of Bal Pharma Limited

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

We have audited the internal financial controls over financial reporting of **BAL PHARMA LIMITED** ("the Company") as of **31 March 2017** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s T D JAIN AND D I SAKARIA**
Chartered Accountants
Firm registration no: 002491S

T D JAIN
Partner
M. No.: 012034

Bengaluru
30 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

Particulars	Note no	31 March 2017 ₹	31 March 2016 ₹
EQUITY AND LIABILITIES			
Shareholders' fund			
Share capital	3	14,17,23,720	12,87,23,720
Reserves and surplus	4	53,53,61,226	41,81,02,004
Money received against share warrants	3	-	2,01,50,000
		67,70,84,946	**56,69,75,724**
Non- current liabilities			
Long-term borrowings	5	17,80,26,976	15,93,66,449
Deferred tax liabilities (Net)	6	7,73,86,218	6,95,77,172
Other long term liabilities	7	1,09,09,483	90,09,483
Long-term provisions	8	2,76,65,690	2,22,89,187
		29,39,88,367	**26,02,42,291**
Current liabilities			
Short- term borrowings	9	52,05,13,388	50,09,15,144
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	10	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	10	49,70,13,328	46,74,66,154
Other current liabilities	11	15,96,12,735	11,53,22,684
Short- term provisions	8	1,29,29,407	2,23,98,210
		1,19,00,68,858	**1,10,61,02,192**
Total		**2,16,11,42,172**	**1,93,33,20,207**
ASSETS			
Non- current assets			
Fixed Assets			
Property, Plant & Equipment	12	55,09,68,482	51,33,10,593
Intangible assets	13	4,66,40,749	4,62,28,812
Capital work in progress		1,79,10,387	3,92,54,557
Non- current investments	14	1,17,50,000	1,17,50,000
Long term loans and advances	15	6,58,98,578	7,51,63,063
Other non-current assets	16	28,40,264	31,93,633
		69,60,08,460	**68,89,00,658**
Current assets			
Inventories	17	54,36,62,765	41,61,15,377
Trade receivables	18	61,00,49,689	56,82,38,607
Cash and cash equivalents	19	4,61,47,191	4,46,35,348
Short-term loans and advances	15	26,43,73,189	21,26,78,171
Other current assets	16	9,00,878	27,52,046
		1,46,51,33,712	**1,24,44,19,549**
Total		**2,16,11,42,172**	**1,93,33,20,207**

Summary of significant accounting policies **2.1**

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN
Partner
Membership No. 012034

Sanjay Kumar Agarwal
Chief Financial Officer & Company Secretary

Dr. S. Prasanna
Director
DIN: 00084602

Shailesh D Siroya
Managing Director
DIN: 00048109

Bengaluru
30 May 2017

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

Particulars	Note no	31 March 2017 ₹	31 March 2016 ₹
Income			
Revenue from operations (gross)	20	2,32,01,44,647	2,01,82,39,845
Less: Excise duty		6,04,96,491	4,16,75,166
Revenue from operations (net)		2,25,96,48,156	1,97,65,64,679
Other income	21	3,39,02,289	1,49,61,226
Total Income - (i)		**2,29,35,50,445**	**1,99,15,25,905**
Expenses			
Cost of materials consumed	22	1,15,46,76,271	97,67,81,879
Purchase of traded goods	23	6,68,06,433	7,38,66,528
(Increase)/decrease in inventories of finished goods and work-in-progress	24	(6,12,86,373)	(37,72,406)
Employees benefits expenses	25	41,87,13,361	35,67,19,177
Other expenses	26	48,47,79,845	40,15,79,350
Total Expense - (ii)		**2,06,36,89,537**	**1,80,51,74,528**
Earnings before interest, tax, depreciation and amortization - EBITDA - (i-ii)		**22,98,60,907**	**18,63,51,377**
Finance costs	27	8,46,05,803	6,47,65,963
Depreciation and amortization expenses	28	6,45,57,787	6,97,41,902
Profit/(loss) before tax - (iii)		**8,06,97,317**	**5,18,43,512**
Tax expenses			
Current tax		2,17,71,653	1,23,56,060
MAT credit (entitlement)/utilised		-	70,39,469
Net Current Tax		2,17,71,653	1,93,95,529
(Excess)/Short provision for tax of earlier years		14,57,395	76,68,422
Deferred Tax		78,09,047	(32,80,630)
Total tax expense - (iv)		**3,10,38,095**	**2,37,83,321**
Profit/(loss) for the year (iii-iv)		**4,96,59,222**	**2,80,60,191**
Earning per equity share: Nominal value per share: ₹ 10 (31 March 2016: ₹ 10)			
Basic		3.51	2.18
Diluted		3.51	2.18
Summary of significant accounting policies (refer note 2.1)	**2.1**		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN
Partner
Membership No. 012034

Sanjay Kumar Agarwal
Chief Financial Officer & Company Secretary

Dr. S. Prasanna
Director
DIN: 00084602

Shailesh D Siroya
Managing Director
DIN: 00048109

Bengaluru
30 May 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Particulars	31 March 2017 ₹	31 March 2016 ₹
Cash flows from operating activities:		
Profit before tax	8,06,97,317	5,18,43,512
Add/(Less):Non cash adjustments to reconcile profit before tax to net cash flows		
- Depreciation and Amortisation	6,45,57,788	6,97,41,902
- Proposed Dividend & Tax on Dividend	-	(1,70,57,533)
- (Gain)/Loss on sale of Fixed Assets	(2,530)	(1,56,100)
- Finance cost	8,46,05,803	6,47,65,963
- Interest income	(53,46,642)	(51,66,222)
Operating profit/(loss) before working capital changes	22,45,11,736	16,39,71,522
Add/(Less): Working capital changes		
- Decrease/(Increase) in inventories	(12,75,47,388)	(5,83,98,222)
- Decrease/(Increase) in trade receivables	(4,18,11,082	(11,83,63,041)
- Decrease/(Increase) in loans and advances	(4,24,30,533)	(4,22,92,249)
- Decrease/(Increase) in other assets	22,04,537	(6,57,129)
- Increase/(Decrease) in trade payables	2,95,47,174	8,26,01,069
- Increase/(Decrease) in other liabilites	4,07,97,157	(1,21,13,123)
- Increase/(Decrease) in provisions	(1,66,23,536)	60,54,681
Cash generated from/(used in) operations	6,86,48,064	2,08,03,508
Direct taxes paid	1,40,40,490	80,19,661
Net cash flow from/(used in) operating activities (A)	**5,46,07,574**	**1,27,83,847**
Cash flows from investing activities :		
Purchase of Property, Plant and Equipment including intangible assets and capital work-in-progress	(8,14,30,914)	(14,18,50,539)
Proceeds from sale of fixed assets	1,50,000	2,00,000
Interest income	53,46,642	51,66,222
Investment in Subsidiaries	-	(8,00,000)
Net cash flow from/(used in) investing activities (B)	**(7,59,34,272)**	**(13,72,84,318)**
Cash flows from financing activities:		
Receipts against issue of share warrants	-	-
Money Received on Conversion of Share warrant	8,06,00,000	-
Receipts of Long term borrowings	5,02,55,703	13,99,75,597
Repayment of Long - term borrowings	(2,62,02,280)	(3,57,77,617)
Receipts of short - term borrowings	1,95,98,245	9,95,36,289
Dividend paid (including dividend distribution tax)	(1,68,07,323)	(1,52,12,057)
Finance cost	(8,46,05,803)	(6,47,65,963)
Net cash flow from/(used in) financing activities (C)	**2,28,38,541**	**12,37,56,249**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	15,11,844	(7,44,222)
Cash and cash equivalents at the beginning of the year	4,46,35,348	4,53,79,571
Cash and cash equivalents at the end of the year	**4,61,47,192**	**4,46,35,348**
Components of cash and cash equivalents		
Cash in hand	8,45,392	3,71,652
Balance with banks - on current accounts	1,63,37,279	1,63,46,949
Balance with banks - on deposit accounts	2,89,64,521	2,79,16,747
Total Cash and cash equivalents	**4,61,47,192**	**4,46,35,348**

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN
Partner
Membership No. 012034

Sanjay Kumar Agarwal
Chief Financial Officer & Company Secretary

Dr. S. Prasanna
Director
DIN: 00084602

Shailesh D Siroya
Managing Director
DIN: 00048109

Bengaluru
30 May 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. **Corporate Information**

Bal Pharma Limited (the company) is a Public Limited Company domiciled in India and incorporated under provisions of the Companies Act, 1956. Its shares are listed on two recognized stock exchanges in India. The company is engaged in the manufacturing and selling of pharmaceutical products. The company caters to both domestic and international markets.

2. **Basis of preparation**

The financial statements of the company have been prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) which continue to apply as per Section 133 of the Companies Act, 2013 (the Act) read with rule 7 of the Companies (Accounts) rules, 2014, and other recognized accounting practices and policies generally accepted in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Management evaluates and adopts all recently issued or revised accounting standards on an ongoing basis.

2.1. **Summary of significant accounting policies**

a) **Use of Estimates**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenditure for the year. 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 the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) **Revenue Recognition**

Revenue from domestic sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from export sales is recognized when the significant risks and rewards of ownership of products are transferred to the customer, which is based upon the terms of the applicable contract.

Revenue from product sales is stated inclusive of Excise Duty and exclusive of returns, sales tax and applicable trade discounts and allowances.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate method.

Export entitlements under the Duty Drawback ('DBK'), Focus Marketing incentive scheme(FMS), Focus product scheme (FPS), Market Linked Product Scheme (MLPS), Incremental Exports incentive scheme, Merchandise Export India Scheme and Service tax rebate scheme (STR) are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.

c) **Property, Plant and Equipment**

Freehold land is carried at historical costs. All other items of property, Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes cenvat / value added tax eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced intervals, company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

All identifiable revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under capital work - in - progress.

Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d) **Intangible Fixed Assets**

Intangible Fixed Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

e) **Depreciation**

Depreciable amount for assets in the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in schedule II to the companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Premium on leasehold lands are amortised over the period of lease. Building constructed on leasehold land are depreciated based on the useful life specified in schedule II to the companies Act, 2013, Where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold lands are amortised over the primary lease period of the lands.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Intangible assets are amortized as under:

Intangible assets	Estimated Useful Life
Computer Softwares	6 Years

f) **Valuation of Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	First in-first-out (FIFO)
Stores and spares	First in-first-out (FIFO)
Work-in-process and finished goods (manufactured)	FIFO and including an appropriate share of production overheads
Finished goods (traded)	Actual cost of purchase

g) **Retirement benefits**

- Gratuity

In accordance with Indian laws, Bal Pharma Limited provide for gratuity, a defined benefit retirement plan covering all eligible employees of the Company. In accordance with the payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and tenure of employment and vesting occurs upon completion of five years of service. The measurement date used for determining retirement benefits for gratuity is March 31.

Provision for gratuity & compensated absences is made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary.

Contributions payable to the recognized provident fund, which is defined contribution scheme, are charged to the statement of profit and loss.

- **Short Term Employees Benefits**

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss account of the year in which the related service is rendered. These benefits include leave travel allowance, bonus/performance incentives.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

h) **Investments**

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

i) **Foreign currency transactions and balances**

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at year-end rates. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

j) **Expenditure on research and development**

In accordance with the Accounting Standard 26 on Intangible Assets, the Management has recognized Revenue Expenditure, direct as well as allocated, on R & D projects for development of new products and processes as Intangible Assets, since it is of the opinion that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. These assets shall be amortized over a period of ten years starting from the year of commercial production. However, Revenue Expenditure on projects, which have become unsuccessful are charged off as an expense in the year in which they are abandoned. Capital expenditure incurred on research and development is capitalized as Property, Plant and Equipment and depreciated in accordance with the depreciation policy of the company.

k) **Leases**

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after April 01, 2001 are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

l) **Income tax expense**

Income tax expense comprises current tax and deferred tax charge or credit.

- Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit Entitlement".

The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

- Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

m) **Earnings per share**

In determining earnings per share, the company considers the net profit after tax and includes the post-tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

n) **Employee stock option schemes**

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the employee stock option schemes, over the exercise price is treated as employee compensation and amortized over the vesting period.

o) **Provisions and contingent liabilities**

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

p) **Impairment of Property, Plant and Equipment and intangible assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be Impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previous assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical Cost.

q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

r) Accounting for amalgamation

The company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

- All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.

- Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.

- The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional shares.

- The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.

- The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

All other amalgamations are in the nature of purchase.

The company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the company to recognize any non-cash element of the consideration at fair value. The company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the general reserve. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

s) **Cash Flow Statement**

The Cash Flow Statement is prepared by the "Indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows from operating, investing and financing activities of the company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Share Capital

	31 March 2017 ₹	31 March 2016 ₹
Authorized shares		
1,50,00,000 (31 March 2016: 1,50,00,000) equity shares of ₹ 10 each	15,00,00,000	15,00,00,000
	15,00,00,000	**15,00,00,000**
Issued, subscribed and fully paid-up shares		
1,41,72,372 (31 March 2016: 1,28,72,372) equity shares of ₹ 10 each	14,17,23,720	12,87,23,720
Total	**14,17,23,720**	**12,87,23,720**

a. Reconciliation of the equity shares outstanding at the beginning of the reporting period

	31 March 2017		31 March 2016	
	Nos	₹	Nos	₹
At the beginning of the period	1,28,72,372	12,87,23,720	1,28,72,372	12,87,23,720
Alloted during the period	13,00,000	1,30,00,000	-	-
Outstanding at the end of the period	**1,41,72,372**	**14,17,23,720**	**1,28,72,372**	**12,87,23,720**

b. Terms/Rights attached to Equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting period : Nil (31 March 2016 : Nil)

d. Details of shareholders holding more than 5% shares in the company

Equity shares of ₹ 10 each fully paid	31 March 2017		31 March 2016	
	Nos	% holding in the class	Nos	% holding in the class
Micro Labs Limited	13,10,836	9.25	13,10,836	10.18
Shailesh D Siroya	12,70,759	8.97	12,70,759	9.87
Anita Siroya	10,18,540	7.19	10,18,540	7.91

As per records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e. Shares reserved for issue under options

During the financial year 2014-15, 13,00,000 preferential share warrants convertible into equivalent number of equity shares of ₹ 10/- each at a premium of ₹ 52 per share, had been issued to the strategic investors by the company on 18 August 2014. During the year on 13 April 2016, the Company has alloted 13,00,000 equity shares against those warrants on receipt of full consideration.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. Reserves and surplus

	31 March 2017 ₹	31 March 2016 ₹
Capital reserves		
Balance as at beginning of the reporting period	44,05,725	44,05,725
Add: Additions during the year	-	-
Closing balance	**44,05,725**	**44,05,725**
Securities premium account		
Balance as at beginning of the reporting period	17,31,66,099	17,31,66,099
Add: Additions on account of issue of shares reserved for preferential share warrants	6,76,00,000	-
Closing balance	**24,07,66,099**	**17,31,66,099**
General reserve		
Balance as at beginning of the reporting period	2,45,15,000	2,45,15,000
Add: amount transferred from surplus balance in the statement of profit and loss	-	-
Closing Balance	**2,45,15,000**	**2,45,15,000**
Surplus/(deficit) in the statement of profit and loss		
Balance as at beginning of the reporting period	21,60,15,180	20,50,12,522
Add: Profit for the year	4,96,59,222	2,80,60,191
Less: Appropriations		
Proposed final equity dividend (Amount per share ₹ 1 (31 March 2016 ₹ 1)	-	(1,41,72,372)
Tax on proposed equity dividend	-	(28,85,161)
Surplus in the statement of profit and loss	26,56,74,402	21,60,15,180
Total	**53,53,61,226**	**41,81,02,004**

5. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2017 ₹	31 March 2016 ₹	31 March 2017 ₹	31 March 2016 ₹
Term Loans				
- From banks				
Exim Bank (secured)	2,40,00,000	3,60,00,000	1,20,00,000	1,20,00,000
Corporation Bank (secured)	9,16,56,115	6,73,11,586	1,66,68,000	11,88,414
Yes Bank (secured)	59,37,510	-	15,62,490	-
Kotak Mahindra Bank (unsecured)	17,19,665	48,40,559	46,00,668	53,47,920
- From financial institutions				
Tata Capital Limited (unsecured)	-	10,57,299	10,57,299	28,50,775
Magma Fincorp Limited (unsecured)	-	10,43,125	16,59,302	41,53,152
Magma Fincorp Limited (unsecured)	-	-	-	13,40,020
Bajaj Finance Limited (secured)	4,87,18,637	4,43,42,971	15,84,192	70,39,212
Other Loans and Advances				
- Vehicle loan (secured)	59,95,049	47,70,909	32,26,444	31,97,715
	17,80,26,976	**15,93,66,449**	**4,23,58,395**	**3,71,17,208**
The above amount includes				
Secured borrowings	12,75,88,674	10,80,82,495	3,34,56,934	1,63,86,129
Unsecured borrowings	5,04,38,302	5,12,83,954	89,01,461	2,07,31,079
Amount disclosed under the head "other current liabilities" - refer note 11	-	-	(4,23,58,395)	(3,71,17,208)
Total	**17,80,26,976**	**15,93,66,449**	**-**	**-**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

a. Term loan obtained from EXIM Bank of ₹ 6.00 Crores towards expansion of research & development centre at bangalore and expenditure pertaining to R&D activities, is secured by pari pasi first charge on the entire moveable Property, Plant and Equipment of the company by way of hypothecation and pari pasu first charge by way of equitable mortgage on all immovable Property, Plant and Equipment of the company, both present and future, more particularly unit1, unit 2, unit 3 & Unit 4 of the company and personal guarantee of managing director. The loan is repayable in 20 equal quarterly installment of ₹ 0.30 Crore each, starting from April 2015 and 12 installments are outstanding on 31 March 2017 and carries interest at Exim Bank LTLMR plus 250 basis points which is currently at 12.70%.

b. Term loan obtained from Corporation Bank of ₹ 10.79 crores (against sanctioned amount of ₹ 23.45 crores) towards upgradation and expansion of the manufacturing facilities at unit 1, unit 2 and unit 4, is secured by Mortgage on paripasu first charge with Exim bank, the industrial property of unit 1, unit 2 & unit 4 and Hypothication parispasu first charge basis with Exim bank, entire movable Property, Plant and Equipment of the company, both present and future, belonging to unit 1, unit 2 & unit 4 of the company. The loan is repayable in 80 monthly installments starting from April 2017 and carries a rate of interest of LTLMR plus 5.6% i.e., 13.75%

c. Loan obtained during FY 2015-16, from Bajaj Finance Limited of ₹ 5.16 crores towards purchase of Land at Vasanth Nagar, is secured by mortgage of the same land. The loan is repayable in 180 monthly installments starting from February 2016 and 166 installments are outstanding on 31 March 2017 and carries floating rate of interest 20.15% per annum.

d. During the year, term loan obtained from YES Bank of ₹ 5 crores towards upgradation and expansion of the manufacturing facilities at unit 5, Sangli. The loan is secured by Mortgage of the property of unit 5, Sangli and personal guarantee of managing director . The loan is repayable in 48 monthly installments starting from June 2017 and carries a rate of interest of 10.75%.

e. The vehicle loans are secured by hypothication of vehicles taken on loan.

6. Deferred tax liability (net)

	31 March 2017 ₹	31 March 2016 ₹
Deferred tax assets (net)		
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	97,85,797	91,86,200
Others	19,23,253	9,13,054
Gross deferred tax assets	**1,17,09,051**	**1,00,99,254**
Deferred tax liability		
Property, Plant and Equipment: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	8,90,95,269	7,96,76,426
Gross deferred tax liability	8,90,95,269	7,96,76,426
Net deferred tax liability	**7,73,86,218**	**6,95,77,172**

7. Other Long term liabilities

	31 March 2017 ₹	31 March 2016 ₹
Others		
Deposit received from customers	1,04,59,483	89,59,483
Rental deposits	4,50,000	50,000
Total	**1,09,09,483**	**90,09,483**

8. Provisions

	Long-term		Short-term	
	31 March 2017 ₹	31 March 2016 ₹	31 March 2017 ₹	31 March 2016 ₹
Provision for employee benefits				
Provision for gratuity (refer note 30)	2,30,55,666	1,88,54,738	8,36,096	7,33,463
Provision for leave benefits (refer note 30)	46,10,024	34,34,449	10,95,641	7,55,162
	2,76,65,690	2,22,89,187	19,31,737	14,88,625
Other provisions				
Provision for income tax (net of advance tax)	-	-	1,09,97,670	38,52,052
Proposed equity dividend	-	-	-	1,41,72,372
Provision for tax on proposed dividend	-	-	-	28,85,161
	-	-	1,09,97,670	2,09,09,585
Total	**2,76,65,690**	**2,22,89,187**	**1,29,29,407**	**2,23,98,210**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9. Short-term borrowings

	31 March 2017 ₹	31 March 2016 ₹
From Banks		
- Cash credit (secured)	30,01,26,823	22,35,88,991
- Packing credit (secured)	6,12,41,364	10,33,76,121
- Bills discounted (secured)	3,44,81,462	6,77,35,858
- Buyers credit (secured)	12,46,63,739	10,62,14,174
Total	**52,05,13,388**	**50,09,15,144**
The above amount includes		
Secured borrowings	**52,05,13,388**	**50,09,15,144**
Unsecured borrowings	-	-

Short term borrowings from banks obtained under a Consortium arrangement with pari passu charge is secured by hypothecation of stock and book debts and second charge on all movable Property, Plant and Equipment. Cash credit is repayable on demand and carries interest rate @ 11.45% p.a to 13.65% p.a.

10. Trade payables

	31 March 2017 ₹	31 March 2016 ₹
- Due to micro enterprises and small enterprises (Refer Note no 32)	-	-
- Due to creditors other than micro enterprises and small enterprises*	49,70,13,328	46,74,66,154
Total	**49,70,13,328**	**46,74,66,154**

* Refer note no 35 for details of dues to related parties

11. Other current liabilities

	31 March 2017 ₹	31 March 2016 ₹
Current maturities of long-term borrowings (note 5)	4,23,58,395	3,71,17,208
Creditors for capital goods	99,70,660	1,35,19,219
Interest accrued but not due on borrowings	5,61,533	11,88,414
Investor education and protection fund will be credited by following amounts		
Unpaid dividend	8,78,653	8,00,611
Advances from customers	5,00,95,726	2,78,28,140
Book overdraft on account of issue of cheques	1,15,02,513	61,62,002
Statutory liabilities	1,75,34,401	79,12,741
Other payables	2,67,10,855	2,07,94,349
Total	**15,96,12,735**	**11,53,22,684**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. Property, Plant and Equipment

Amount in ₹

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at beginning of the reporting period	Additions	Disposals	As at end of the reporting period	Upto last year	For the year	Disposals	Total	As at end of the reporting period	As at beginning of the reporting period
Property, Plant and Equipment										
Freehold Land	5,23,28,720	-	-	5,23,28,720	-	-	-	-	5,23,28,720	5,21,81,732
Leasehold Land	1,31,93,840	-	-	1,31,93,840	10,28,880	4,81,663	-	15,10,543	1,16,83,297	1,23,11,948
Building	23,55,29,980	2,55,48,854	-	26,10,78,834	6,95,93,642	81,18,327	-	7,77,11,969	18,33,66,865	16,59,36,338
Plant & Machinery	23,25,79,733	2,57,88,465	-	25,83,68,198	10,51,15,940	1,58,01,190	-	12,09,17,130	13,74,51,068	12,74,63,793
Utilities	27,70,87,671	2,06,26,398	-	29,77,14,069	14,98,26,149	1,37,65,828	-	16,35,91,977	13,41,22,092	12,72,61,522
Furniture and Fixtures	1,91,66,253	35,06,038	-	2,26,72,291	1,56,18,178	12,13,293	-	1,68,31,471	58,40,820	35,48,075
Office equipments	2,96,79,627	26,31,843	-	3,23,11,470	1,92,26,811	25,85,895	-	2,18,12,706	1,04,98,764	1,04,52,816
Vehicles	3,36,30,668	49,58,039	4,98,288	3,80,90,419	1,94,76,299	32,88,082	3,50,818	2,24,13,563	1,56,76,856	1,41,54,370
Total	**89,31,96,492**	**8,30,59,637**	**4,98,288**	**97,57,57,841**	**37,98,85,899**	**4,52,54,278**	3,50,818	**42,47,89,359**	**55,09,68,482**	**51,33,10,593**
31 March 2016	**80,31,67,806**	**9,09,06,678**	**8,77,992**	**89,31,67,806**	**33,27,88,490**	**4,79,31,501**	**8,34,092**	**37,98,85,899**	**51,33,10,593**	**47,03,79,315**

1. Depreciation for the year includes: depreciation amounting to ₹ 89364 (Previous Year ₹ 30,974) on assets used for research and development. During the year company incurred ₹ 8,35,674 (Previous Year ₹ Nil) towards capital expenditure for Research and Development.
2. The leasehold land is being amortised over the initial period of lease.

13. Intangible assets

Amount in ₹

Particulars	Gross carrying value				Amortization				Net carrying value	
	As at beginning of the reporting period	Additions	Disposals	As at end of the reporting period	Upto last year	For the year	Disposals	Total	As at end of the reporting period	As at beginning of the reporting period
Computer Software	5,45,346	5,89,899	-	11,35,245	2,37,250	1,77,962	-	4,15,212	7,20,033	3,08,096
R & D Expenses	16,39,79,597	1,91,25,548	-	18,31,05,145	11,80,58,881	1,91,25,548	-	13,71,84,429	4,59,20,716	4,59,20,716
Total	**16,45,24,943**	**1,97,15,447**	**-**	**18,42,40,390**	**11,82,96,131**	**1,93,03,510**	**-**	**13,75,99,641**	**4,66,40,749**	**4,62,28,812**
31 March 2016	**15,68,40,930**	**1,93,74,485**	**1,16,90,472**	**16,45,24,943**	**10,81,76,203**	**2,18,10,401**	**1,16,90,472**	**11,82,96,131**	**4,62,28,812**	**4,86,56,621**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14. Non current investments

	31 March 2017 ₹	31 March 2016 ₹
Trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments - Quoted		
10,000 (31 March 2016: 10,000) Equity shares of ₹ 10 each fully paid in Lamina Foundries Limited (At Cost Less Provision for other than temporary diminution of ₹ 371,850)	-	-
73600 (31 March 2016: 73600) Euity shares of ₹ 10 each fully paid in Sri Jayalakshmi Autospin Limited (At Cost Less Provision for other than temporary diminution of ₹ 736,000)	-	-
Investment in equity instruments - Unquoted		
4,000 (31 March 2016: 4000) shares of ₹ 25 each fully paid in The saraswat cooperative Bank Limited	1,00,000	1,00,000
5,000 (31 March 2016: 5,000) shares of ₹ 10 each fully paid in The Shamrao vithal Co-operative Bank Ltd.	50,000	50,000
Investments in Subsidiary Companies		
10,00,000 (31 March 2016: 10,00,000) shares of ₹ 10 each fully paid in Lifezen Healthcare Pvt Ltd.	1,00,00,000	1,00,00,000
80,000 (31 March 2016: 80,000) shares of ₹ 10 each fully paid in Bal Research Foundation	8,00,000	8,00,000
80,000 (31 March 2016: 80,000) shares of ₹ 10 each fully paid in Balance Clinics LLP	8,00,000	8,00,000
Total	**1,17,50,000**	**1,17,50,000**
Aggregate amount of Quoted investments	11,07,850	11,07,850
Aggregate amount of unquoted investments	1,17,50,000	1,17,50,000
Aggregate provision for diminution in value of investment	11,07,850	11,07,850
Details of Investments in LLP		
Name of the Partners and share in profit		
Bal Pharma Limited	80%	80%
Shailesh D Siroya	20%	20%
Total Capital of the firm	**10,00,000**	**10,00,000**

15. Loans and advances

	Non-current		Current	
	31 March 2017 ₹	31 March 2016 ₹	31 March 2017 ₹	31 March 2016 ₹
Capital advances				
Unsecured considered good	4,32,73,551	4,25,50,783	-	-
Security deposit				
Unsecured considered good - Deposits	2,10,11,298	2,25,25,027	51,49,351	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	2,27,45,397	2,04,85,220
Other loans and advances				
MAT Credit entitlement	-	-	-	-
Prepaid Expenses	-	-	76,03,338	1,14,45,065
Loans/advances to employees			8,16,031	6,94,577
Balance with statutory/government authorities	16,13,729	1,00,87,253	17,30,05,061	16,27,74,048
Loans and Advances to Subsidiaries	-	-	5,40,08,204	1,52,07,920
Others Loans And Advances	-	-	10,45,807	20,71,342
	16,13,729	1,00,87,253	23,64,78,441	19,21,92,952
Total	**6,58,98,578**	**7,51,63,063**	**26,43,73,189**	**21,26,78,171**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16. Other assets

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹	₹	₹	₹
Unsecured, considered good unless stated otherwise				
Non current bank balance (note no 19)	28,40,264	31,93,633	-	-
	28,40,264	31,93,633	-	-
Others				
Insurance claims	-	-	4,66,975	6,23,587
Interest accrued on deposits	-	-	4,33,903	21,28,459
	-	-	9,00,878	27,52,046
Total	**28,40,264**	**31,93,633**	**9,00,878**	**27,52,046**

17. Inventories (valued at lower of cost and net realizable value)

	31 March 2017	31 March 2016
	₹	₹
Raw materials	22,35,84,602	16,52,75,463
Packing material	5,59,34,913	5,00,99,452
Work-in progress	8,62,98,627	8,64,05,577
Finished goods	17,43,13,348	11,29,20,025
Stores and spares	35,31,275	14,14,860
Total	**54,36,62,765**	**41,61,15,377**

18. Trade receivables

	31 March 2017	31 March 2016
	₹	₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	13,27,84,065	9,96,25,466
Other receivables		
Unsecured, considered good	47,72,65,624	46,86,13,141
Total	**61,00,49,689**	**56,82,38,607**

19. Cash and cash equivalents

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹	₹	₹	₹
Cash on hand	-	-	8,45,392	3,71,652
Balance with bank				
On current Account	-	-	1,54,51,329	1,34,06,123
On EEFC account	-	-	9,966	5,720
On unpaid dividend account	-	-	8,75,983	8,00,703
Deposits with original maturity of less than 3 months	-	-	43,55,442	21,34,403
	-	-	2,15,38,113	1,67,18,601
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months*	-	-	2,46,09,079	51,57,809
Deposits with original maturity for more than 12 months*	28,40,264	31,93,634	-	2,27,58,938
	28,40,264	**31,93,634**	**2,46,09,079**	**2,79,16,747**
Amount disclosed under other non current assets (note no 16)	(28,40,264)	**(31,93,634)**	-	-
Total	**-**	**-**	**4,61,47,192**	**4,46,35,348**

* Includes deposits held as money againest Letters of Credit and Bank Guarantees.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20. Revenue from operations

	31 March 2017 ₹	31 March 2016 ₹
Sale of products		
- Finished goods	2,15,14,90,838	1,83,61,68,554
- Traded goods	11,65,98,841	14,55,58,522
Sale of services	55,21,826	15,63,146
other operating revenue		
- Scrap sales	24,19,988	24,02,240
- Export benefits	4,02,29,554	3,21,28,216
- Provisions / creditors no longer payable written back	38,83,600	-
- Others	-	4,19,166
Total	**2,32,01,44,647**	**2,01,82,39,845**
Details of products sold		
- Finished goods sold		
Tablets	89,67,32,709	77,90,64,802
Capsules	6,54,41,373	6,06,69,128
Liquids	8,65,16,899	9,93,43,530
Ointments	3,30,05,627	2,50,82,531
EED	17,00,949	13,65,274
Bulk drugs	1,06,80,93,280	87,06,43,290
	2,15,14,90,838	**1,83,61,68,554**
- Traded goods sold		
Tablets	3,57,71,412	3,70,22,515
Capsules	5,42,93,395	6,58,29,539
Liquids	2,50,19,798	4,27,06,469
Powder	8,81,050	-
Soap	6,33,186	-
	11,65,98,841	**14,55,58,522**
Details of services rendered		
- Testing services	75,000	64,400
- Job work	54,46,826	14,98,746
	55,21,826	**15,63,146**

21. Other Income

	31 March 2017 ₹	31 March 2016 ₹
Interest Income		
Bank deposits	18,35,492	27,22,606
Others	35,11,150	24,43,616
Exchange differences (Net)	2,85,53,117	96,38,904
Profit on sale of asset	2,530	1,56,100
Total	**3,39,02,289**	**1,49,61,226**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

22. Cost of materials consumed

	31 March 2017 ₹	31 March 2016 ₹
Raw materials		
Opening Stock	16,52,75,463	11,78,53,690
Add: Purchases - Raw Materials	1,08,98,36,219	91,71,53,523
Less: Closing stock	22,35,84,602	16,52,75,463
	1,03,15,27,080	**86,97,31,750**
Packing Materials		
Opening Stock	5,00,99,452	4,17,50,948
Add: Purchases - Packing Materials	12,89,84,651	11,53,98,633
Less: Closing stock	5,59,34,913	5,00,99,452
	12,31,49,191	**10,70,50,129**
Total	**1,15,46,76,271**	**97,67,81,879**
Details of raw material consumed		
Powder	84,23,98,798	76,56,88,739
Liquids	18,14,53,094	7,96,60,138
Capsule	76,75,188	2,43,82,873
	1,03,15,27,080	**86,97,31,750**
Details of inventory of raw material		
Powder	15,96,61,978	13,42,27,010
Liquids	5,81,10,916	2,85,48,540
Capsule	58,11,708	24,99,913
	22,35,84,602	**16,52,75,463**

23. Purchase of traded goods

	31 March 2017 ₹	31 March 2016 ₹
Tablets	2,06,20,507	2,77,92,807
Capsules	2,32,18,929	1,65,23,228
Liquids	1,64,25,609	2,95,50,493
Ointment	53,39,662	-
Powder	7,99,668	-
Soap	4,02,058	-
Total - Purchase of traded goods	**6,68,06,433**	**7,38,66,528**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

24. (Increase)/decrease in Inventories of finished goods and work in progress

	31 March 2017 ₹	31 March 2016 ₹	Net difference ₹
Inventories at the end of the year			
Work-in-progress	8,62,98,627	8,64,05,577	1,06,951
Finished goods	17,43,13,348	11,29,20,025	(6,13,93,323)
	26,06,11,975	19,93,25,602	(6,12,86,372)
Inventories at the beginning of the year			
Work-in-progress	8,64,05,577	6,20,06,425	5,27,02,816
Finished goods	11,29,20,025	13,35,46,771	11,13,81,996
	19,93,25,602	**19,55,53,196**	**16,40,84,811**
Total (increase)/decrease	**(6,12,86,373)**	**(37,72,406)**	**(3,14,68,384)**

	31 March 2017 ₹	31 March 2016 ₹
Details of inventory		
Work-in-progress		
Tablets	2,85,29,098	1,69,32,758
Capsules	27,74,188	59,34,278
Liquids	17,21,347	3,34,557
Ointments	15,45,590	-
EED	-	30,122
Bulk drugs	5,17,28,404	6,31,73,862
	8,62,98,627	**8,64,05,577**
Finished goods		
Tablets	10,20,92,624	8,38,98,098
Capsules	2,12,82,504	1,83,86,075
Liquids	69,20,567	66,65,661
Ointments	40,21,170	34,04,557
EED	952	2,115
Bulk drugs	3,99,48,398	5,63,519
Soap	47,134	-
	17,43,13,348	**11,29,20,025**

25. Employee Benefit Expense

	31 March 2017 ₹	31 March 2016 ₹
Salaries, wages and bonus	36,81,82,327	30,97,88,342
Contribution to provident and other fund	1,98,50,596	1,71,26,993
Gratuity expense (refer note 30)	72,16,787	65,13,025
Leave benefit expense (refer note 30)	19,06,008	10,91,541
Staff welfare expense	2,15,57,643	2,21,99,276
Total	**41,87,13,361**	**35,67,19,177**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

26. Other Expenses

	31 March 2017	31 March 2016
	₹	₹
Consumption of stores and spares	84,84,055	1,00,19,744
Power and fuel	5,00,55,672	4,34,91,100
Water charges	16,84,920	18,44,425
Laboratory and Testing	1,47,29,278	1,29,55,024
Sub-contracting expenses	4,31,16,615	3,19,03,934
Repairs & Maintenance:		
Plant and machinery	1,44,62,540	1,73,86,905
Building	29,67,506	17,00,689
Others - R&M	1,40,70,895	1,30,38,872
Excise duty on Finished goods inventory	2,39,103	(1,26,627)
Seminar, Conference & Exhibition Expenses	33,75,177	34,96,757
Freight and forwarding charges	5,35,97,847	5,15,35,766
Commission on Sales	4,05,24,680	1,01,24,382
Breakages & Expired Goods	1,84,93,064	1,84,74,717
Advertisement and selling Expenses	4,86,08,754	4,34,95,002
Traveling and conveyance expenses	7,13,84,516	6,62,67,455
Rates & Taxes	77,80,365	1,16,25,681
Communication Costs	90,11,239	76,61,894
Legal & Professional charges	1,51,55,774	1,06,42,781
Printing & Stationery	52,51,845	39,44,121
Subscription & Membership	19,50,829	18,27,247
Insurance	39,18,709	40,56,729
Rent	1,52,62,186	1,38,83,483
Directors Sitting fees	17,000	18,000
Registration fees	2,01,81,992	79,58,681
Liquidated damages	25,98,480	26,34,456
CSR Expenditure	93,751	2,57,631
Electricity Charges	14,97,410	12,10,930
Balances/Bad debts/Advances written off	58,70,755	18,44,269
Payment to Auditors		
'As auditor		
'Audit fee	6,50,000	6,00,000
Tax audit fee	50,000	50,000
Limited Review	20,000	20,000
In other capacity		
Other services (certification fees)	80,000	1,10,000
Reimbursement of expenses	50,000	50,000
Security charges	60,40,359	43,52,893
Vehicle operation and maintenance	28,76,389	28,80,681
Others - Expenses	6,28,140	3,41,729
Total	**48,47,79,845**	**40,15,79,350**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

27. Finance costs

	31 March 2017	31 March 2016
	₹	₹
Bank charges	1,59,57,022	1,12,07,793
Interest		
- Banks	5,73,77,740	4,70,58,746
- Delayed payment of taxes	25,01,636	41,898
- Others	87,69,406	64,57,526
Total	**8,46,05,803**	**6,47,65,963**

28. Depreciation and amortization expenses

	31 March 2017	31 March 2016
	₹	₹
Depreciation of Property, Plant and Equipment (refer note no. 12)	4,54,32,239	4,79,31,501
Amortization of intangible assets (refer note no. 13)	1,91,25,548	2,18,10,401
Total	**6,45,57,787**	**6,97,41,902**

29. Calculation of Earnings Per Share (EPS) – Basic and Diluted:

Sl. No.	Particulars	31 March 2017	31 March 2016
1	Opening no. of shares	1,28,72,372	1,28,72,372
2	Total shares outstanding	1,41,72,372	1,28,72,372
3	Weighted average number of shares	1,41,29,632	1,28,72,372
4	Net profit attributable to equity shareholders	4,96,59,222	2,80,60,192
5	Basic EPS	3.51	2.18
	Diluted		
6	Weighted average number of shares(Including preferential share warrant dilution)	1,41,29,632	1,28,72,372
7	Diluted EPS	3.51	2.18

30. Gratuity and leave benefits plan:

The following table sets out the status of the plan as required under AS 15 (revised)

Amount in ₹

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Change in defined benefit obligation				
Opening defined benefit obligation	1,95,88,201	1,47,96,335	41,89,611	33,37,801
Interest cost	15,67,056	11,83,707	3,35,169	2,67,024
Current service cost	16,16,148	14,70,200	4,51,784	2,53,839
Benefits paid	(29,13,226)	(17,21,160)	(3,89,954)	(2,39,731)
Actuarial losses/(gain)	40,33,583	38,59,119	11,19,055	5,70,678
Closing defined benefit obligation	2,38,91,762	1,95,88,201	57,05,665	41,89,611

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Reconciliation of present value of the obligation and fair value of plan assets				
Fair value of plan assets at the end of the year	-	-	-	-
Present value of defined benefit obligation at the end of the year	2,38,91,762	1,95,88,201	57,05,665	41,89,611
Asset/(liability) recognized in the balance sheet	(2,38,91,762)	(1,95,88,201)	(57,05,665)	(41,89,611)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Cost for the period				
Current service cost	16,16,148	14,70,200	4,51,784	2,53,839
Interest cost	15,67,056	11,83,707	3,35,169	2,96,024
Expected return on plan assets	-	-	-	-
Net actuarial (gain)/loss recognized for the year	40,33,583	38,59,119	11,19,055	5,70,678
Expense/(income) recognized in the statement of profit and loss	72,16,787	65,13,025	19,06,008	10,91,541
Movement in the liability recognized in balance sheet				
Opening liability	1,95,88,201	1,47,96,335	41,89,611	33,37,801
Expense/(income) recognized for the period as above	72,16,787	65,13,026	19,06,008	10,91,541
Contribution/Benefits paid	(29,13,226)	(17,21,160)	(3,89,954)	(2,39,731)
Closing liability	2,38,91,762	1,95,88,201	57,05,665	41,89,611
Assumptions at the valuation date				
Discount factor	8.00%	8.00%	8.00%	8.00%
Salary escalation rate	6.00%	6.00%	6.00%	6.00%
Rate of return (expected) on plan assets	0.00%	0.00%	0.00%	0.00%
Retirement age	58	58	58	58

Experience history information for the current and previous four years is as follows:

Gratuity					**Amount in ₹**
Particulars	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**
Defined benefit obligation at the end of the period	2,38,91,762	1,95,88,201	1,47,27,378	95,24,369	74,70,859
Plan assets at the end of the period	-	-	-	-	-
Funded status – surplus/(deficit)	(2,38,91,762)	(1,95,88,201)	(1,47,27,378)	(95,24,369)	(74,70,859)
Experience adjustments in plan liabilities	40,33,583	38,59,119	31,05,767	1,50,422	(2,53,391)
Experience adjustments in plan assets	-	-	-	-	-

Leave Encashment					**Amount in ₹**
Particulars	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**
Defined benefit obligation at the end of the period	57,05,665	41,89,611	33,37,801	23,98,621	178,5,852
Plan assets at the end of the period	Nil	Nil	Nil	Nil	Nil
Funded status – surplus/(deficit)	(57,05,665)	(41,89,611)	(33,37,801)	(23,98,621)	(17,85,852)
Experience adjustments in plan liabilities	11,19,055	5,70,678	(3,10,750)	(4,86,297)	(12,19,505)
Experience adjustments in plan assets	Nil	Nil	Nil	Nil	Nil

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Export Benefits

31. The Company has accounted an amount of ₹ 4,02,29,554 (31 March 2016: ₹ 3,21,28,216) being the net amount of credit under various export incentive schemes as announced under Foreign trade Policy. The same will be either received in cash or utilized for off-setting customs duty on future imports. The accumulated amount outstanding on this account as on 31 March 2017 is ₹ 6,03,81,114 (31 March 2016: ₹ 50,30,33,065) and the same is reflected under short-term loans and advances.

32. Based on the information available with the company, principal amount due to micro and small enterprises is ₹ Nil (31 March 2016: ₹ Nil). Further interest paid during the year and interest due at the end of the year to micro and small enterprises is ₹ Nil (31 March 2016: ₹ Nil).

33. Subsequent Events

On 30 May 2017 the Board of Directors recommended a final dividend of Re. 1 per equity shares (total dividend ₹ 1,41,72,372). Be paid to shareholders for FY 2016-17, which will be approved by the shareholders at the Annual General Meeting to held on 22 September, 2017.

34. Expenditure on research and development:

An amount of ₹ 1,99,61,222 (31 March 2016: ₹ 1,93,74485) has been incurred during the year on research and development of new products and processes in the R & D centre. Amount written off during the year on account of the above was ₹ 1,91,25,548 (31 March 2016: ₹ 2,16,99,423). The balance on this account as on 31 March 2017: 4,59,20,716 (31 March 2016: ₹ 4,59,20,716).

Amount in ₹

Capital Expenditure	**31 March 2017**	**31 March 2016**
Laboratory Equipment	1,94,722	-
Utilities	6,40,952	-
Total capital expenditure (a)	**8,35,674**	**-**
Revenue Expenditure	**31 March 2017**	**31 March 2016**
Raw material consumed	**22,70,769**	**8,39,989**
Power and fuel	36,10,764	34,33,075
Water charges	2,89,642	2,92,164
Laboratory and testing	17,53,948	48,07,778
Employee benefit expense	1,05,17,413	93,71,078
Others	6,83,012	6,30,401
Total revenue expenditure (b)	**1,91,25,548**	**1,93,74,485**
Total Expenditure (a+b)	**1,99,61,222**	**1,93,74,485**

35. Related party disclosures:

- **Name of related parties and related party relationship**

Related parties where control/significant interest exist or with whom transactions have taken place during the year:

Nature of relationship	**Name of the related party**
Significant interest entities	Micro Labs Limited
Enterprise owned by the Managing Director of the company	1. Desa Marketing International
Enterprise over which the Managing Director of the Company exercises joint control with other partners	1. Siroya Constructions 2. Siroya Wellness
Enterprise over which the Managing Director of the Company exercises joint control with other directors	1. Siroya Properties & Holdings Private Limited 2. Legend Siroya Infrastructure Private Limited 3. Sanjay Gems Private Limited 4. Siroya Developers Private Limited
Subsidiaries	1. Lifezen Healthcare Private Limited 2. Balance Research Foundation 3. Balance Clinics LLP
Key Management Personnel	1. Shailesh D Siroya (Managing Director) 2. Dr. S Prasanna (Whole Time Director) 3. Sanjay Kumar Agarwal (CFO & CS)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

- **Particulars of Related party transactions**

Amount in ₹

Particulars	31 March 2017	31 March 2016
Sales to		
Significant interest entities		
- Micro Labs Limited	55,02,750	1,23,55,813
Subsidiaries		
- Lifezen Healthcare Private Limited	79,24,459	4,34,225
- Balance Clinics LLP	12,305	-
Total	**1,34,39,514**	**1,27,90,038**
Rent Received from		
- Lifezen Healthcare Private Limited	6,09,000	-
- Bal Research Foundation	60,000	-
Total	6,69,000	-
Commission Paid to		
Enterprise owned by the Managing Director of the Company		
- Desa Marketing International	**2,02,76,674**	**44,41,796**
Expenses incurred on behalf of		
Enterprise over which the Managing Director of the Company exercises joint control with other partners		
- Siroya Constructions	5,24,504	9,23,214
- Siroya Wellness	2,800	-
Enterprise over which the Managing Director of the Company exercises joint control with other directors		
- Siroya Properties & Holdings Private Ltd	7,93,098	1,40,00,895
Total	**13,20,402**	**1,49,24,109**

Expenses reimbursed by		
Enterprise over which the Managing Director of the Company exercises joint control with other partners		
- Siroya Constructions	4,59,657	9,61,194
Enterprise over which the Managing Director of the Company exercises joint control with other directors		
- Siroya Properties & Holdings Private Limited	7,16,298	16,23,941
Total	**11,75,955**	**25,85,135**
Loans and Advances given to		
Enterprise over which the Managing Director of the Company exercises joint control with other directors		
- Siroya Properties & Holdings Private Ltd	50,00,000	1,23,76,954
Subsidiaries		
- Lifezen Healthcare Private Ltd	3,31,25,438	70,30,594
- Balance Clinics LLP	35,23,911	26,85,425
- Bal Research Foundation	22,474	2,400
Total	**4,16,71,823**	**2,20,95,373**

Rent Deposits received from		
- Lifezen Healthcare Private Ltd	**3,00,000**	**-**
- Bal Research Foundation	1,00,000	-
Total	**4,00,000**	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Amount in ₹

Particulars	31 March 2017	31 March 2016
Rent Paid to		
- Shailesh D Siroya (Managing Director)	**12,00,000**	**12,00,000**
Interest received from		
- Lifezen Healthcare Private Ltd	24,35,182	10,27,738
- Balance Clinics LLP	10,73,492	10,98,985
- Bal Research Foundation	2,476	1,736
Total	**35,11,150**	**21,28,459**

Investment in		
Subsidiaries		
- Bal Research Foundation	8,00,000	8,00,000
Total	**8,00,000**	**8,00,000**

Managerial Remuneration to *		
Key Managerial Personnel		
Shailesh D Siroya	78,00,000	78,00,000
Dr. S Prasanna	30,00,000	30,00,000
Total	**1,08,00,000**	**1,08,00,000**

***Note:** The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

The Company has the following amounts due from / to related parties

Amount in ₹

Particulars	31 March 2017	31 March 2016
Dues from Subsidiaries		
Lifezen Healthcare Private limited (Included in Loans and Advances)	4,14,94,164	83,68,726
Lifezen Healthcare Private limited (Included in Trade Receivables)	83,22,431	4,34,225
Balance Clinics LLP (Included in Loans and Advances)	1,24,72,790	89,48,879
Bal Research Foundation (Included in Loans and Advances)	41,250	18,776
Total	**6,23,30,635**	**1,77,70,606**
Dues from enterprise over which the Managing Director of the Company exercises joint control with other partners		
Siroya wellness (Included in Trade receivables)	**30,74,622**	30,74,622
Siroya Constructions (Included in Loans and Advances)	1,94,752	1,30,205
Siroya wellness (Included in Loans and Advances)	5,73,025	5,70,225
Total	**38,42,399**	**37,75,052**
Dues from Significant Interest entities		
Micro Labs (Included in Trade receivable)	**21,84,760**	37,71,025
Dues from enterprise over which the Managing Director of the Company exercises joint control with other directors		
Siroya Properties & Holdings Private Ltd (Included in Loans and Advances)	**3,77,53,114**	3,26,76,314
Dues to enterprise owned by the Managing Director of the company		
Desa Marketing International (Included in Current Liabilities)	**1,31,60,104**	56,46,891
Dues to Key Managerial Personnel		
Shailesh D Siroya (Included in Other current liabilities)	**-**	17,10,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

36. Disclosure relating Loans or security given by the Company as per the requirements of section 186(4) of the Companies Act, 2013 as on 31 March 2017

Particulars (Subsidiaries)	Loan Amount ₹	Rate of Interest (Per annum)	Purpose	Maturity Period
Lifezen Healthcare Private Limited	4,14,94,164	12%	Business Purpose	Within 1 year
Balance Clinics LLP	1,24,72,790	12%	Business Purpose	Within 1 year
Bal Research Foundation	41,250	12%	Business Purpose	Within 1 year

37. The company has provided for ₹ 3,28,721(31 March 2016: ₹ 1,15,787) being excise duty on finished goods lying at various manufacturing units at the end of reporting period.

38. Contingent liabilities not provided for:

- Letter of credit ₹ 9,55,06,428(31 March 2016: ₹ 12,06,47,169)
- Estimated value of contracts remaining to be executed on capital account and not provided for ₹ 65,65,939(31 March 2016: ₹ 53,90,814)
- Claims against company not acknowledged as debts comprises:

Amount in ₹

Nature	31 March 2017	31 March 2016
Excise & Customs	1,75,16,709	1,62,88,001
Service Tax	85,88,511	85,88,511
Income Tax	9,63,682	9,63,682
Total	**(*) 2,70,68,902**	**(*) 2,58,40,194**

(*) Pre - deposit under protest ₹ 100,000 (31 March 2016: ₹ 100,000)

- The company is also involved in other lawsuits, claims, investigations and proceedings including patent and commercial matters, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.

39. The company has given counter guarantees to bank against guarantees issued by them on behalf of the company ₹ 1,39,19,070 (31 March 2016: ₹ 5,31,17,678).

40. Value of imports calculated on CIF basis:

Amount in ₹

Particulars	31 March 2017	31 March 2016
Raw Materials	58,15,76,884	48,60,64,338
Capital goods (Including spares and components)	41,12,866	21,21,403
Total	**58,56,89,750**	**48,81,85,741**

41. A) Expenditure in foreign currency:

Amount in ₹

Particulars	31 March 2017	31 March 2016
Traveling expenditure	32,64,345	35,13,768
Registration fee	29,61,078	24,92,482
Commission on export sales	49,57,231	21,39,838
Sales promotion expenses	79,49,401	53,35,216
Total	**1,91,32,055**	**1,34,81,304**

B) Earnings in foreign currency:

Amount in ₹

Particulars	31 March 2017	31 March 2016
FOB value of exports	115,44,87,742	109,40,72,710

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

42. Details of consumption of imported and indigenous raw materials, components and spare parts:

Amount in ₹

Particulars	31 March 2017		31 March 2016	
	Value in ₹	% of total consumption	Value in ₹	% of total consumption
Raw material				
Imported	57,86,81,792	56.10	47,00,85,281	54.05
Indigenous	45,28,45,288	43.90	39,96,46,469	45.95
Total	**1,03,15,27,080**	**100.00**	**86,97,31,750**	**100.00**
Stores and spares				
Imported	------	------	------	------
Indigenous	84,84,055	100.00	1,00,19,744	100.00
Total	**84,84,055**	**100.00**	**1,00,19,744**	**100.00**

43. Segment information

The company is primarily engaged in a single business segment of manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients and is managed as ONE entity, for its various activities and is governed by a similar set of risks and returns.

Geographical segments

In the view of the management, the Indian and export markets represent geographical segments.

Sales by market

The following is the distribution of the company's sales by geographical market:

Amount in ₹

Geographical segments	31 March 2017	31 March 2016
India	1,05,37,11,180	82,59,77,122
Other than India	1,21,43,78,499	1,15,57,49,955
Total	**2,26,80,89,679**	**1,98,17,27,077**

Assets and additions to Property, Plant and Equipment by geographical area:

The following table shows the carrying amount of segment assets and additions to Property, Plant and Equipment by geographical area in which the assets are located.

Amount in ₹

Particulars	31 March 2017		31 March 2016	
	India	Others*	India	Others*
Carrying amount of segment assets	1,89,55,23,641	26,59,53,323	1,62,08,42,706	31,24,77,501
Additions to Property, Plant and Equipment	8,30,59,637	-	9,09,06,678	-

* Others represent receivables from debtors located outside India.

44. Unclaimed dividends on equity shares

Year	Amount in ₹
2012-13	1,65,932
2013-14	2,24,684
2014-15	2,35,058
2015-16	2,50,309
Total	**8,75,983**

Unpaid dividend amounting to ₹ 1,72,169 pertaining to FY 2008-09 was transferred to Investor Education and Protection Fund during the current reporting period.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

45. Balances of sundry debtors, sundry creditors, loans and advances, receivables and payables are subject to confirmation/reconciliation, if any.

46. In the opinion of the board of directors adequate provision has been made in the accounts for all known liabilities and the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the value stated in the balance sheet.

47. The company's significant leasing arrangements are in respect of operating leases for premises (office, stores, godowns, residential, guest houses, etc.) Theses are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rentals payable are charged as rent under note 26.

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

Particulars	SBNs(1)	Other Denomination notes	Total
Closing Cash in hand as on November 8, 2016	11,27,500	**6,89,458**	**18,16,958**
Add: Permitted receipts	**-**	**12,85,281**	**12,85,281**
Less: Permitted Payments	-	10,60,222	10,60,222
Less: Amount Deposited in Banks	11,27,500	-	11,27,500
Closing Cash in hand as on December 30, 2016	**-**	**9,14,517**	**9,14,517**

* For the purpose of this clause, the term "specified bank notes" shall have the same meaning provided in the notification S.O. 3407(E) of the Government of India, in the Ministry of Finance, Department of Economic effects.

49. The company has reclassified previous year figures to conform to current year's classification.

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN	**Sanjay Kumar Agarwal**	**Dr. S. Prasanna**	**Shailesh D Siroya**
Partner	Chief Financial Officer & Company Secretary	Director	Managing Director
Membership No. 012034		DIN: 00084602	DIN: 00048109

Bengaluru
30 May 2017

TO THE MEMBERS OF BAL PHARMA LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **BAL PHARMA LIMITED,** ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") comprising of the Consolidated Balance Sheet as at **31 March 2017**, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

Management's responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies, making 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 financial statements by the directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports refer to in sub paragraph (a) of the other matters paragraph above, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2017, and their consolidated losses and consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of one subsidiary being Balance Clinics LLP, whose financial statements reflect total assets of ₹ 30,43,733 as at 31 March 2017 and total revenue of ₹ 10,51,955 for the year ended on that date, as considered in consolidated financial statements.

(b) Our opinion on the Consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **'Annexure-A'** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in **'Annexure-B'.**

(g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us

i) The consolidated financial statements disclose the impact, of pending litigations as at 31 March 2017, on its financial position in its consolidated financial statements – Refer Note 38 to the financial statements.

ii) The Group has not entered any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding company.

iv) The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of account maintained by the company. Refer Note 49 to the consolidated financial statements.

For **M/s T D JAIN AND D I SAKARIA**
Chartered Accountants
Firm registration no: 002491S

T D JAIN
Partner
M. No.: 012034

Bengaluru
30 May 2017

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

(The annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Bal Pharma Limited on the consolidated financial statements for the year ended 31 March 2017)

i. In respect of its Property, Plant and Equipment

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) As informed to us by the management, the Company has a policy of physically verifying Property, Plant and Equipment in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there were no material discrepancies noticed on such verification.

(c) The title deeds of all the immovable properties are held in the name of the company.

ii. As explained to us, the inventories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.

iii. The Company has granted unsecured loans to companies and Limited Liability Partnership covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(a) We are unable to comment as to whether the terms and conditions of the loans granted to the companies and Limited Liability Partnership covered in the register maintained under Section 189 of the Act, are not prejudicial to the Holding Company's interest as there has been no stipulation with respect to the same.

(b) We are unable to comment on the repayment of loans granted to companies and Limited Liability Partnership covered in the register maintained under Section 189 of the Act, as there has been no stipulation with respect to the repayment of such loans or the payment of interest.

(c) We are also unable to ascertain the overdue amount as there has been no stipulation with respect to the repayment of such loans or the payment of interest.

iv. In respect of loans, investments and guarantees, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

v. The Company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(v) of CARO is not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Holding Company pursuant to the Companies (Cost Accounting Records) Rules, as amended, specified by the Central Government under Section 148(1) of the Companies Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us:

(a) The Company has generally regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) On the basis of our examination of the documents and records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:

Name of Statue	Nature of dues	Forum where dispute is pending	Period(s) to which the amount relates	Amount involved* (₹)
Chapter V of Finance Act, 1994	Service Tax and equivalent penalty	Commissioner of Central Excise	Nov 2007 to March 2012	85,88,511
The Central Excise Act, 1944	Central Excise Duty and Penalty	Commissioner of Central Excise	January to October 2010	2,88,356
The Central Excise Act, 1944	Central Excise Duty and Penalty	CESTAT	January to October 2010	24,91,506
The Central Excise Act, 1944	Central Excise Duty	CESTAT	Nov 2007 to July 2011	85,01,823
The Central Excise Act, 1944	Central Excise Duty and Penalty	CESTAT	July 2011 to December 2011	1,79,119
The Central Excise Act, 1944	Central Excise Duty and Penalty	CESTAT	Jan to Feb 2012	3,28,671
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	March -June 2012	1,91,590
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	July 2012 to January 2013	11,59,254
The Central Excise Act, 1944	Central Excise Duty and Penalty	Additional Commissioner of Central Excise	December 2008	1,79,184
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2010-11,2011-12 & 2012-13	21,82,891
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	3,25,881
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	4,16,416
Income Tax Act, 1961	Income Tax	Honourable High Court of Karnataka	FY 2005-06	9,63,682
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14	4,20,945
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	3,06,151
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2014-15	2,73,898
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	1,53,283
The Central Excise Act, 1944	Central Excise Duty and Penalty	Assistant Commissioner of Central Excise	FY 2013-14 & 2014-15	1,17,741

* Net of amounts paid under protest or otherwise. Amount as per demand order including interest wherever quantified.

viii. Based on our audit procedures, information and explanations given to us, in our opinion the Company has not defaulted in repayment of dues to financial institutions and banks.

ix. In our opinion and according to the information and explanations given to us, the term loans taken by the company during the year have been applied for the purposes for which they were obtained. Further, the company has not raised any money by way of public issue/follow on offer.

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

xi. The Managerial Remuneration has been paid in accordance with the requisite approvals mandated by section 197 read with Schedule V of the Companies Act.

xii. The Holding company is not a Nidhi Company and therefore clause 3(xii) of the Order is not applicable to the Company.

xiii. All transactions with the related parties are in compliance with Section 188 and 177 (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the Consolidated Financial Statements as required by the Accounting standards and Companies Act, 2013.

xiv. The requirements of Section 42 of the Companies Act, 2013 regarding preferential allotment of shares made during the year under review have been complied with. Further, the amounts raised have been used for the purposes for which the funds were raised.

xv. The Holding Company has not entered into any non-cash transactions with directors or persons connected with him and therefore clause 3(xv) of the Order is not applicable.

xvi. The Holding company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **M/s T D JAIN AND D I SAKARIA**
Chartered Accountants
Firm registration no: 002491S

T D JAIN
Partner
M. No.: 012034

Bengaluru
30 May 2017

'Annexure – B' to the Independent Auditors' Report of Even Date on the Consolidated Financial Statements of BAL PHARMA LIMITED

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

We have audited the internal financial controls over financial reporting of **BAL PHARMA LIMITED** ("the Company") as of **31 March 2017** in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b) 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

c) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s T D JAIN AND D I SAKARIA**
Chartered Accountants
Firm registration no: 002491S

T D JAIN
Partner
M. No.: 012034

Bengaluru
30 May 2017

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

Particulars	Note no	31 March 2017 ₹	31 March 2016 ₹
EQUITY AND LIABILITIES			
Shareholders' fund			
Share capital	3	14,17,23,720	12,87,23,720
Reserves and surplus	4	48,81,28,895	40,01,46,226
Money received against share warrants	3	-	2,01,50,000
		62,98,52,615	**54,90,19,946**
Minority Interest		**(2,95,46,781)**	(17,95,012)
Non- current liabilities			
Long-term borrowings	5	36,82,26,976	34,95,66,449
Deferred tax liabilities (Net)	6	7,75,35,534	6,97,84,118
Other long term liabilities	7	1,28,59,483	89,59,483
Long-term provisions	8	2,83,67,919	2,28,46,153
		48,69,89,912	**45,11,56,203**
Current liabilities			
Short- term borrowings	9	52,05,13,389	50,09,15,143
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	10	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	10	51,36,13,341	46,85,11,239
Other current liabilities	11	16,78,65,960	12,00,97,223
Short- term provisions	8	1,29,34,272	2,23,98,210
		1,21,49,26,962	**1,11,19,21,815**
Total		**2,30,22,22,707**	**2,11,03,02,952**
ASSETS			
Non- current assets			
Fixed Assets			
Property, Plant and Equipment	12	55,35,11,503	51,60,27,379
Intangible assets	13	4,66,93,213	4,62,88,274
Capital work in progress		1,79,10,387	3,92,54,557
Non- current investments	14	1,50,000	1,50,000
Long term loans and advances	15	6,68,16,078	7,54,10,563
Other non-current assets	16	28,40,264	31,93,633
		68,79,21,445	**68,03,24,406**
Current assets			
Inventories	17	54,73,07,433	41,75,41,612
Trade receivables	18	62,59,56,868	56,94,34,511
Cash and cash equivalents	19	4,63,55,997	4,63,43,593
Short-term loans and advances	15	39,30,01,135	39,59,95,183
Other current assets	16	16,79,829	6,63,647
		1,61,43,01,262	**1,42,99,78,546**
Total		**2,30,22,22,707**	**2,11,03,02,952**

Summary of significant accounting policies **2.1**

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN
Partner
Membership No. 012034

Sanjay Kumar Agarwal
Chief Financial Officer & Company Secretary

Dr. S. Prasanna
Director
DIN: 00084602

Shailesh D Siroya
Managing Director
DIN: 00048109

Bengaluru
30 May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31 MARCH 2017

Particulars	Note no	31 March 2017 ₹	31 March 2016 ₹
Income			
Revenue from operations (gross)	20	2,34,95,86,445	2,02,48,41,255
Less: excise duty		6,04,96,491	4,16,75,166
Revenue from operations (net)		2,28,90,89,954	1,98,31,66,089
Other income	21	3,10,62,813	1,28,32,767
Total Income - (i)		**2,32,01,52,767**	**1,99,59,98,856**
Expenses			
Cost of materials consumed	22	1,15,46,76,271	97,67,81,879
Purchase of traded goods	23	7,10,80,688	7,57,74,811
(Increase)/decrease in inventories of finished goods and work-in-progress	24	(6,35,04,806)	(47,47,919)
Employees benefits expenses	25	45,88,56,763	37,30,12,171
Other expenses	26	52,56,76,693	41,38,16,082
Total Expense - (ii)		**2,14,67,85,609**	**1,83,46,37,025**
Earnings before interest, tax, depreciation and amortization - EBITDA - (i-ii)		**17,33,67,157**	**16,13,61,831**
Finance costs	27	8,48,49,872	6,47,77,274
Depreciation and amortization expenses	28	6,49,09,343	7,00,90,039
Profit/(loss) before tax - (iii)		**2,36,07,942**	**2,64,94,518**
Tax expenses			
Current tax		2,17,71,653	1,23,56,060
MAT credit (entitlement)/utilised		-	70,39,469
Net Current Tax		2,17,71,653	1,93,95,529
(Excess)/Short provision for tax of earlier years		14,57,395	76,68,422
Deferred Tax		77,51,419	(31,63,744)
Total tax expense - (iv)		**3,09,80,466**	**2,39,00,207**
Profit/(loss) for the year (iii-iv)		**(73,72,525)**	**25,94,311**
Add/ (less): Share of Profit/ (loss) transferred to Minority Interest		(2,72,32,758)	(1,14,59,573)
Profit attributable to owners of the Company		1,98,60,233	1,40,53,884
Earning per equity share: Nominal value per share: ₹10 (31 March 2016: ₹ 10)			
Basic		1.40	1.09
Diluted		1.40	1.09
Summary of significant accounting policies	**2.1**		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN
Partner
Membership No. 012034

Sanjay Kumar Agarwal
Chief Financial Officer & Company Secretary

Dr. S. Prasanna
Director
DIN: 00084602

Shailesh D Siroya
Managing Director
DIN: 00048109

Bengaluru
30 May 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Particulars	31 March 2017 ₹	31 March 2016 ₹
Cash flows from operating activities:		
Profit before tax	2,36,07,942	2,64,94,518
Add/(Less):Non cash adjustments to reconcile profit before tax to net cash flows		
- Depreciation and Amortisation	6,49,09,343	7,00,90,039
- Proposed Dividend & Tax on Dividend	-	(1,70,57,533)
- (Gain)/Loss on sale of Property, Plant and Equipment	(2,530)	(1,56,100)
- Finance cost	8,48,49,872	6,47,77,274
- Interest income	(25,04,492)	(30,37,763)
Operating profit/(loss) before working capital changes	17,08,60,135	14,11,10,435
Add/(Less): Working capital changes		
- Decrease/(Increase) in inventories	(12,97,65,821)	(5,93,90,069)
- Decrease/(Increase) in trade receivables	(5,65,22,357)	(11,95,85,930)
- Decrease/(Increase) in loans and advances	1,15,88,533	(23,08,11,216)
- Decrease/(Increase) in other assets	(6,62,813)	14,31,266
- Increase/(Decrease) in trade payables	4,51,02,102	8,31,61,959
- Increase/(Decrease) in other liabilites	3,21,66,181	(82,51,381)
- Increase/(Decrease) in provisions	(1,42,130)	68,24,446
Cash generated from/(used in) operations	7,26,23,830	-18,55,10,490
Direct taxes paid	1,40,40,490	80,19,661
Net cash flow from/(used in) operating activities (A)	**5,85,83,340**	-19,35,30,151
Cash flows from investing activities:		
Purchase of Property, Plant and Equipment including intangible assets and capital work-in-progress	(8,38,19,898)	(14,20,53,255)
Proceeds from sale of Property, Plant and Equipment	1,50,000	2,00,000
Interest income	25,04,492	30,37,763
Net cash flow from/(used in) investing activities (B)	**(8,11,65,406)**	**(13,88,15,493)**
Cash flows from financing activities:		
Money Received on Issue of Share Warrant	-	-
Money Received on Conversion of Share Warrant	8,06,00,000	-
Money Received on Conversion of Debentures	-	98,00,000
Money Received on Issue of Debentures	-	19,02,00,000
Long Term Borrowings	5,02,55,701	13,99,75,597
Repayment of long-term borrowings	(2,62,02,280)	(3,57,77,617)
Receipts of short - term borrowings	1,95,98,245	9,95,36,288
Dividend paid (including dividend distribution tax)	(1,68,07,323)	(1,52,12,058)
Finance cost	(8,48,49,872)	(6,47,77,274)
Net cash flow from/(used in) financing activities (C)	**2,25,94,470**	**32,37,44,935**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	12,404	(86,00,709)
Cash and cash equivalents at the beginning of the year	4,63,43,593	5,49,44,302
Cash and cash equivalents at the end of the year	**4,63,55,997**	**4,63,43,593**
Components of cash and cash equivalents		
Cash in hand	9,45,392	4,11,263
Balance with banks - on current accounts	1,55,60,135	1,80,15,584
Balance with banks - on deposit accounts	2,98,50,471	2,79,16,747
Total Cash and cash equivalents	**4,63,55,997**	**4,63,43,593**

Summary of significant accounting policies **2.1**

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN
Partner
Membership No. 012034

Sanjay Kumar Agarwal
Chief Financial Officer & Company Secretary

Dr. S. Prasanna
Director
DIN: 00084602

Shailesh D Siroya
Managing Director
DIN: 00048109

Bengaluru
30 May 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2.1. Notes forming part of Significant Accounting Policies

a) **BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated financial statements ("CFS") of Bal Pharma Limited and its subsidiaries ('the group' or the Company) have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis.

The Company has prepared these financial statements to comply in all material respects with the Companies (Accounting Standards) Rules, 2006, (as amended) which continue to apply as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and other recognized accounting practices and policies generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless otherwise specified.

b) **PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements are prepared in accordance with 'AS-21' "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and other relevant Accounting standards applicable as per Companies (Accounts) Rules, 2014.

The Consolidated Financial Statements relate to Bal Pharma Limited ("the Company") and its Subsidiary Companies ("the Group"). The consolidated Financial Statements of the Company and the 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/ transactions and resulting unrealized profits or losses in full. Unrealized losses resulting from intra group transactions have also been eliminated except to the extent that recoverable value of related assets lower than their cost to the group.

The Excess/ deficit of cost to the parent Company of its investment in the subsidiaries over its portion of equity at the respective dates on which investments in such entities were made is recognized in the financial statements as Good will/ Capital Reserve.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

c) **USE OF ESTIMATES**

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenditure for the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

d) **REVENUE RECOGNITION**

Revenue from domestic sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from export sales is recognized when the significant risks and rewards of ownership of products are transferred to the customer, which is based upon the terms of the applicable contract.

Revenue from product sales is stated inclusive of Excise Duty and exclusive of returns, sales tax and applicable trade discounts and allowances. Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Export entitlements under the Focus Marketing incentive scheme and other incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.

e) **PROPERTY, PLANT AND EQUIPMENT**

Freehold land is carried at historical costs. All other items of property, Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes cenvat / value added tax eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced intervals, company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

All identifiable revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under capital work - in - progress.

Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f) **INTANGIBLE FIXED ASSETS**

Intangible Fixed Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

g) **DEPRECIATION**

Depreciable amount for assets in the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in schedule II to the companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Premium on leasehold lands are amortised over the period of lease. Building constructed on leasehold land are depreciated based on the useful life specified in schedule II to the companies Act, 2013, Where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold lands are amortised over the primary lease period of the lands.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Intangible assets are amortized as under:

Intangible assets	Estimated Useful Life
Computer Softwares	6 Years

h) **VALUATION OF INVENTORIES**

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The methods of determining cost of various categories of inventories are as follows:

Raw materials	First in-first-out (FIFO)
Stores and spares	First in-first-out (FIFO)
Work-in-process and finished goods (manufactured)	FIFO and including an appropriate share of production overheads
Finished goods (traded)	Actual cost of purchase

i) **RETIREMENT BENEFITS**

A. Gratuity

In accordance with Indian laws, Bal Pharma Limited provide for gratuity, a defined benefit retirement plan covering all eligible employees of the Company. In accordance with the payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and tenure of employment and vesting occurs upon completion of five years of service. The measurement date used for determining retirement benefits for gratuity is March 31. Provision for gratuity & compensated absences is made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary. Contributions payable to the recognised provident fund, which is defined contribution scheme, are charged to the statement of profit and loss.

B. Short Term Employees Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered. These benefits include leave travel allowance, bonus/performance incentives.

j) **INVESTMENTS**

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

k) **FOREIGN CURRENCY TRANSACTIONS AND BALANCES**

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year-end rates. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

l) **EXPENDITURE ON RESEARCH AND DEVELOPMENT**

In accordance with the Accounting Standard 26 on Intangible Assets, the Management has recognized Revenue Expenditure, direct as well as allocated, on R & D projects for development of new products and processes as Intangible Assets, since it is of the opinion that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. These assets shall be amortized over a period of ten years starting from the year of commercial production. However, Revenue Expenditure on

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

projects, which have become unsuccessful are charged off as an expense in the year in which they are abandoned. Capital expenditure incurred on research and development is capitalized as Property, Plant and Equipment and depreciated in accordance with the depreciation policy of the company.

m) **LEASES**

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after April 01, 2001 are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

n) **INCOME TAX EXPENSE**

Income tax expense comprises current tax and deferred tax charge or credit.

A. Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit Entitlement". The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

B. Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

o) **EARNINGS PER SHARE**

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

p) **EMPLOYEE STOCK OPTION SCHEMES**

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the employee stock option schemes, over the exercise price is treated as employee compensation and amortized over the vesting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

q) PROVISIONS AND CONTINGENT LIABILITIES

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

r) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be Impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previous assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical Cost.

s) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

t) CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is prepared by the "Indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows from operating, investing and financing activities of the company. Cash and Cash equivalents presented in the Consolidated Cash Flow Statement consist of cash on hand and demand deposits with banks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Share Capital

	31 March 2017 ₹	31 March 2016 ₹
Authorized shares		
1,50,00,000 (31 March 2016: 1,50,00,000) equity shares of ₹ 10 each	15,00,00,000	15,00,00,000
	15,00,00,000	**15,00,00,000**
Issued, subscribed and fully paid-up shares		
1,41,72,372 (31 March 2016: 12,872,372) equity shares of ₹ 10 each	14,17,23,720	12,87,23,720
Total	**14,17,23,720**	**12,87,23,720**

a. Reconciliation of the equity shares outstanding at the beginning of the reporting period

	31 March 2017		31 March 2016	
	Nos	₹	Nos	₹
At the beginning of the period	1,28,72,372	12,87,23,720	1,28,72,372	12,87,23,720
Allotted during the period	13,00,000	1,30,00,000	-	-
Outstanding at the end of the period	**1,41,72,372**	**14,17,23,720**	**1,28,72,372**	**12,87,23,720**

b. Terms/Rights attached to Equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting period : Nil (31 March 2016 : Nil)

d. Details of shareholders holding more than 5% shares in the company

Equity shares of ₹ 10 each fully paid	31 March 2017		31 March 2016	
	Nos	% holding in the class	Nos	% holding in the class
Micro Labs Limited	13,10,836	9.25	13,10,836	10.18
Shailesh D Siroya	12,70,759	8.97	12,70,759	9.87
Anita Siroya	10,18,540	7.19	10,18,540	7.91

As per records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e. Shares reserved for issue under options

During the financial year 2014-15, 13,00,000 preferential share warrants convertible into equivalent number of equity shares of ₹ 10/- each at a premium of ₹ 52 per share, had been issued to the strategic investors by the company on 18 August 2014. During the year on 13 April 2016, the Company has alloted 13,00,000 equity shares against those warrants on receipt of full consideration.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. Reserves and surplus	31 March 2017 ₹	31 March 2016 ₹
Capital reserves		
Balance as at beginning of the reporting period	44,05,725	44,05,725
Add: Additions during the year		
Closing balance	**44,05,725**	**44,05,725**
Securities premium account		
Balance as at beginning of the reporting period	17,31,66,099	17,31,66,099
Add: Additions on account of issue of shares reserved for preferential share warrants	6,76,00,000	-
Closing balance	**24,07,66,099**	**17,31,66,099**
General reserve		
Balance as at beginning of the reporting period	2,45,15,000	2,45,15,000
Add: amount transferred from surplus balance in the statement of profit and loss	-	-
Closing Balance	**2,45,15,000**	**2,45,15,000**
Surplus/(deficit) in the statement of profit and loss		
Balance as at beginning of the reporting period	21,60,15,181	20,10,63,051
Add: Profit for the year	24,26,890	1,40,53,884
Less: Appropriations		
Proposed final equity dividend (Amount per share ₹ 1 (31 March 2016 ₹ 1)	-	(1,41,72,372)
Tax on proposed equity dividend.	-	(28,85,161)
Surplus in the statement of profit and loss	21,84,42,071	19,80,59,402
Total	**48,81,28,895**	**40,01,46,226**

5. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2017 ₹	31 March 2016 ₹	31 March 2017 ₹	31 March 2016 ₹
Debentures				
Zero Coupon Debenture (Unsecured) (Fully convertible at par)	19,02,00,000	19,02,00,000	-	-
Term Loans				
- From banks				
Exim Bank (Secured)	2,40,00,000	3,60,00,000	1,20,00,000	1,20,00,000
Corporation Bank (Secured)	9,16,56,115	6,73,11,586	1,66,68,000	11,88,414
Yes Bank (Secured)	59,37,510	-	15,62,490	-
Kotak Mahindra Bank (unsecured)	17,19,665	48,40,559	46,00,668	53,47,920
- From financial institutions	-		-	
Tata Capital Limited (unsecured)	-	10,57,299	10,57,299	28,50,775
Magma Fincorp Limited (Unsecured)	-	10,43,125	16,59,302	41,53,152
Magma Fincorp Limited (Unsecured)	-	-		13,40,020
Bajaj Finance Limited (secured)	4,87,18,637	4,43,42,971	15,84,192	70,39,212
Other Loans and Advances				
- Vehicle loan (secured)	59,95,049	47,70,909	32,26,444	31,97,715
	36,82,26,976	**34,95,66,449**	**4,23,58,395**	**3,71,17,208**
The above amount includes				
Secured borrowings	12,75,88,674	10,80,82,495	3,34,56,934	1,63,86,129
Unsecured borrowings	24,06,38,302	5,12,83,954	89,01,461	2,07,31,079
Amount disclosed under the head "other current liabilities"- refer note 11	-	-	(4,23,58,395)	(3,71,17,208)
Total	**36,82,26,976**	**15,93,66,449**	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

a. Term loan obtained from EXIM Bank of ₹ 6.00 Crores towards expansion of research & development centre at bangalore and expenditure pertaining to R&D activities, is secured by pari pasi first charge on the entire moveable Property, Plant and Equipment of the company by way of hypothecation and pari pasu first charge by way of equitable mortgage on all immovable Property, Plant and Equipment of the company, both present and future, more particularly unit1, unit 2, unit 3 & Unit 4 of the company and personal guarantee of managing director. The loan is repayable in 20 equal quarterly installment of ₹ 0.30 Crore each, starting from April 2015 and 12 installments are outstanding on 31 March 2017 and carries interest at Exim Bank LTLMR plus 250 basis points which is currently at 12.70%.

b. Term loan obtained from Corporation Bank of ₹ 10.79 crores (against sanctioned amount of ₹ 23.45 crores) towards upgradation and expansion of the manufacturing facilities at unit 1, unit 2 and unit 4, is secured by Mortgage on paripasu first charge with Exim bank, the industrial property of unit 1, unit 2 & unit 4 and Hypothication parispasu first charge basis with Exim bank, entire movable Property, Plant and Equipment of the company, both present and future, belonging to unit 1, unit 2 & unit 4 of the company. The loan is repayable in 80 monthly installments starting from April 2017 and carries a rate of interest of LTLMR plus 5.6% i.e., 13.75%

c. Loan obtained during FY 2015-16, from Bajaj Finance Limited of ₹ 5.16 crores towards purchase of Land at Vasanth Nagar, is secured by mortgage of the same land. The loan is repayable in 180 monthly installments starting from February 2016 and 166 installments are outstanding on 31 March 2017 and carries floating rate of interest 20.15% per annum.

d. During the year, term loan obtained from YES Bank of ₹ 5 crores towards upgradation and expansion of the manufacturing facilities at unit 5, Sangli. The loan is secured by Mortgage of the property of unit 5, Sangli and personal guarantee of managing director . The loan is repayable in 48 monthly installments starting from June 2017 and carries a rate of interest of 10.75%.

e. The vehicle loans are secured by hypothication of vehicles taken on loan.

6. Deferred tax liability (net)

	31 March 2017	31 March 2016
	₹	₹
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	97,85,797	91,86,200
Others	19,23,253	9,13,054
Gross deferred tax assets	**1,17,09,051**	**1,00,99,254**
Deferred tax liability		
Property, Plant and Equipment: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	8,92,44,585	7,98,83,371
Gross deferred tax liability	8,92,44,584	7,98,83,371
Net deferred tax liability	**7,75,35,534**	**69,78,4,118**

7. Other Long term liabilities

	31 March 2017	31 March 2016
	₹	₹
Deposit received from customers	1,28,59,483	89,59,483
Total	**1,28,59,483**	**89,59,483**

8. Provisions

	Long - term		Short - term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹	₹	₹	₹
Provision for employee benefits				
Provision for gratuity (refer note 31)	2,37,48,338	1,94,11,704	8,36,096	7,33,463
Provision for leave benefits (refer note 31)	46,19,581	34,34,449	11,00,506	7,55,162
	2,83,67,919	2,28,46,153	19,36,602	14,88,625
Other provisions				
Provision for income tax (net of advance tax)			1,09,97,670	38,52,052
Proposed equity dividend			-	1,41,72,372
Provision for tax on proposed dividend			-	28,85,161
	-	-	1,09,97,670	2,09,09,585
Total	**2,83,67,919**	**2,28,46,153**	**1,29,34,272**	**2,23,98,210**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9. Short-term borrowings

	31 March 2017	31 March 2016
	₹	₹
From Banks		
- Cash credit (secured)	30,01,26,823	22,35,88,991
- Packing credit (secured)	6,12,41,364	10,33,76,121
- Bills discounted (secured)	3,44,81,462	6,77,35,858
- Buyers credit (secured)	12,46,63,739	10,62,14,174
Total	**52,05,13,388**	**50,09,15,144**
The above amount includes		
Secured borrowings	52,05,13,388	50,09,15,144
Unsecured borrowings	-	-

Short term borrowings from banks obtained under a Consortium arrangement with pari passu charge is secured by hypothecation of stock and book debts and second charge on all movable Property, Plant and Equipment. Cash credit is repayable on demand and carries interest rate @ 12.75% p.a to 13.95% p.a.

10. Trade payables

	31 March 2017	31 March 2016
	₹	₹
- Due to micro enterprises and small enterprises (Refer Note no 34)	-	-
- Due to creditors other than micro enterprises and small enterprises*	51,36,13,341	46,85,11,239
Total	**51,36,13,341**	**46,85,11,239**

* Refer Note No. 36 for related parties.

11. Other current liabilities

	31 March 2017	31 March 2016
	₹	₹
Current maturities of long-term borrowings (note 5)	4,23,58,395	3,71,17,208
Creditors for capital goods	99,70,660	1,35,19,219
Interest accrued but not due on borrowings	5,61,533	11,88,416
Investor education and protection fund will be credited by following amounts		
Unpaid dividend	8,78,653	8,00,611
Advances from customers	5,00,95,726	2,78,28,140
Book overdraft on account of issue of cheques	1,31,24,967	61,62,002
Statutory liabilities	1,85,06,737	87,15,962
Other payables	3,23,69,288	2,47,65,665
Total	**16,78,65,960**	**12,00,97,223**

12. Property, Plant and Equipment

Amount in ₹

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at beginning of the reporting period	Additions	Disposals	As at end of the reporting period	Upto last year	For the year	Disposals	Total	As at end of the reporting period	As at beginning of the reporting period
Property, Plant and Equipment										
Freehold Land	5,23,28,720	-	-	5,23,28,720	-	-	-	-	5,23,28,720	5,21,81,732
Leasehold Land	1,31,93,840	-	-	1,31,93,840	10,28,880	4,74,663	-	15,03,543	1,16,90,297	1,23,11,948
Building	23,55,29,980	2,55,48,854	-	26,10,78,834	6,95,93,642	81,18,327	-	7,77,11,969	18,33,66,865	16,59,36,338
Plant & Machinery	23,42,73,795	2,57,88,465	-	26,00,62,260	10,53,61,229	1,59,08,424	-	12,12,69,653	13,87,92,607	12,89,12,566
Utilities	27,70,87,671	2,06,26,398	-	29,77,14,069	14,98,26,149	1,37,72,827	-	16,35,98,976	13,41,15,093	12,72,61,522
Furniture and Fixtures	2,01,89,205	35,06,038	-	2,36,95,243	1,57,80,689	13,10,473	-	1,70,91,163	66,04,080	44,08,516
Office equipments	3,02,14,902	28,02,205	-	3,30,17,107	1,93,54,084	27,26,039	-	2,20,80,123	1,09,36,984	1,08,60,388
Vehicles	3,36,30,668	49,58,039	4,98,288	3,80,90,419	1,94,76,299	32,88,082	3,50,818	2,24,13,563	1,56,76,856	1,41,54,370
Total	**89,64,48,781**	**8,32,29,999**	**4,98,288**	**97,91,80,492**	**38,04,20,972**	**4,55,98,835**	3,50,818	**42,56,68,989**	**55,35,11,503**	**51,60,27,379**
31 March 2016	**80,62,17,380**	**9,11,09,393**	**8,77,992**	**89,64,48,781**	**33,29,82,873**	**4,82,72,621**	**8,34,092**	**38,04,21,402**	**51,60,27,379**	**47,32,34,508**

1. Depreciation for the year includes: depreciation amounting to ₹ 89,364 (Previous Year ₹ 30,974) on assets used for research and development. During rthe year company incurred ₹ 8,35,674 (Previous Year ₹ Nil) towards capital expenditure for Research and Development.

2. The leasehold land is being amortised over the initial period of lease.

Amount in ₹

13. Intangible assets

Particulars	Gross carrying value				Amortization				Net carrying value	
	As at beginning of the reporting period	Additions	Disposals	As at end of the reporting period	Upto last year	For the year	Disposals	Total	As at end of the reporting period	As at beginning of the reporting period
Computer Software	6,15,328	5,89,899	-	12,05,227	2,47,769	1,84,960	-	4,32,730	7,72,497	3,67,558
R & D Expenses	16,39,79,597	1,91,25,548	-	18,31,05,145	11,80,58,881	1,91,25,548	-	13,71,84,429	4,59,20,716	4,59,20,716
Total	**16,45,94,925**	**1,97,15,447**	-	**18,43,10,372**	**11,83,06,650**	**1,93,10,508**	-	**13,76,17,159**	**4,66,93,213**	**4,62,88,274**
31 March 2016	**14,52,20,440**	**1,93,74,485**	-	**16,45,94,925**	**9,64,89,233**	**2,18,17,418**	-	**11,83,06,651**	**4,62,88,274**	**4,87,31,207**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14. Non current investments

	31 March 2017 ₹	31 March 2016 ₹
Trade Investments (Valued at cost unless stated otherwise)		
Investment in equity instruments - Quoted		
10000 (31 March 2016: 10000) Equity shares of ₹ 10 each fully paid in Lamina Foundries Limited (At Cost Less Provision for other than temporary diminution of ₹ 371,850)	-	-
73600 (31 March 2016: 73600) Equity shares of ₹ 10 each fully paid in Sri Jayalakshmi Autospin Limited (At Cost Less Provision for other than temporary diminution of ₹ 736,000)	-	-
Investment in equity instruments - Unquoted		
4,000 (31 March 2016: 4000) shares of ₹ 25 each fully paid in The saraswat cooperative Bank Limited	1,00,000	1,00,000
5,000 (31 March 2016: 5,000) shares of ₹ 10 each fully paid in The Shamrao vithal Co-operative Bank Ltd.	50,000	50,000
Total	**1,50,000**	**1,50,000**

15. Loans and advances

	Non - current		Current	
	31 March 2017 ₹	31 March 2016 ₹	31 March 2017 ₹	31 March 2016 ₹
Capital advances				
Unsecured considered good	4,32,73,551	4,25,50,783	-	-
Security deposit				
Unsecured considered good	2,19,28,798	2,27,72,527	51,49,351	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	20,53,73,864	2,04,85,220
Other loans and advances				
MAT Credit entitlement	-	-	-	-
Prepaid Expenses	-	-	78,23,510	1,14,63,953
Loans/advances to employees	-	-	8,16,031	8,18,064
Balance with statutory/government authorities	16,13,729	1,00,87,253	17,30,47,768	16,28,23,349
Loans and Advances to Subsidiaries	-	-	-	20,04,04,597
Others Loans And Advances	-	-	7,90,610	-
	16,13,729	1,00,87,253	18,24,77,920	37,55,09,962
Total	**6,68,16,078**	**7,54,10,563**	**39,30,01,135**	**39,59,95,183**

Loans and advances includeds loans and advances due by directors or other officers, etc: ₹ Nil (31 March 2016: ₹ Nil)

16. Other assets

	Non - current		Current	
	31 March 2017 ₹	31 March 2016 ₹	31 March 2017 ₹	31 March 2016 ₹
Unsecured, considered good				
unless stated otherwise	-	-	-	-
Non current bank balance (note no 19)	28,40,264	31,93,633	-	-
	28,40,264	31,93,633	-	-
Others				
Insurance claims	-	-	5,07,036	6,63,647
Interest accrued on deposits	-	-	11,72,793	-
	-	-	16,79,829	6,63,647
Total	**28,40,264**	**31,93,633**	**16,79,829**	**6,63,647**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

17. Inventories (valued at lower of cost and net realizable value)

	31 March 2017 ₹	31 March 2016 ₹
Raw materials (Includes in transit ₹ Nil (31 March 2016: ₹ Nil)	22,35,84,602	16,52,75,463
Packing material	5,59,34,913	5,00,99,452
Work-in progress	8,62,98,627	8,64,05,577
Finished goods	17,79,58,017	11,43,46,260
Stores and spares	35,31,275	14,14,860
Total	**54,73,07,433**	**41,75,41,612**

18. Trade receivables

	31 March 2017 ₹	31 March 2016 ₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	13,52,71,977	9,96,25,470
Other receivables		
Unsecured, considered good	49,06,84,890	46,98,09,041
Total	**62,59,56,868**	**56,94,34,511**

19. Cash and cash equivalents

	Non - current		Current	
	31 March 2017 ₹	31 March 2016 ₹	31 March 2017 ₹	31 March 2016 ₹
Cash on hand	-	-	9,45,392	4,11,263
Balance with Bank				
On current Account	-	-	1,55,60,135	1,50,74,756
On EEFC account	-	-	9,966	5,720
On unpaid dividend account	-	-	8,75,983	8,00,703
Deposits with original maturity of less than 3 months	-	-	43,55,442	21,34,403
	-	-	2,17,46,918	1,84,26,846
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	2,46,09,079	51,57,809
Deposits with original maturity for more than 12 months	28,40,264	31,93,634	-	2,27,58,938
	28,40,264	**31,93,634**	**2,46,09,079**	**2,79,16,747**
Amount disclosed under other non current assets (note no 16)	(28,40,264)	(31,93,634)	-	-
Total	**-**	**-**	**4,63,55,997**	**4,63,43,593**

* Includes deposits held as margin money against Letters of Credit and Bank Guarantees

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20. Revenue from operations	31 March 2017 ₹	31 March 2016 ₹
Sale of products		
- Finished goods	2,15,14,90,838	1,83,56,88,238
- Traded goods	14,55,79,475	15,22,10,645
Sale of services	59,82,990	19,92,749
other operating revenue		
- Scrap sales	24,19,988	24,02,240
- Export benefits	4,02,29,554	3,21,28,216
- Provisions/creditors no longer payable written back	38,83,600	-
- Others	-	4,19,166
Total	**2,34,95,86,445**	**2,02,48,41,256**
Details of products sold		
- Finished goods sold		
Tablets	89,67,32,709	77,90,64,802
Capsules	6,54,41,373	6,06,69,128
Liquids	8,65,16,899	9,93,43,530
Ointments	3,30,05,627	2,50,82,531
EED	17,00,949	13,65,274
Bulk drugs	1,06,80,93,280	87,06,43,290
	2,15,14,90,838	**1,83,56,88,238**
- Traded goods sold		
Tablets	3,57,71,412	3,70,22,515
Capsules	8,02,65,749	6,58,29,539
Liquids	2,80,28,078	4,84,91,984
Powder	8,81,050	8,66,607
Medicines	6,33,186	-
	14,55,79,475	**15,22,10,645**
Details of services rendered		
- Testing service	55,21,826	64,400
- Job Work	-	14,98,746
- Clinical items - Treatment	4,61,164	4,29,603
	59,82,990	19,92,749

21. Other Income	31 March 2017 ₹	31 March 2016 ₹
Interest Income		
Bank deposits	18,35,492	27,22,606
Others	6,69,000	3,15,157
Exchange differences (Net)	2,85,53,117	96,38,904
Government Grants and subsidies	2,674	-
Profit on sale of asset	2,530	1,56,100
Total	**3,10,62,813**	**1,28,32,767**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

22. Cost of materials consumed	31 March 2017 ₹	31 March 2016 ₹
Raw materials		
Opening Stock	16,52,75,463	11,78,53,690
Add: Purchases	1,08,98,36,219	91,71,53,523
Less: Closing stock	22,35,84,602	16,52,75,463
	1,03,15,27,080	**86,97,31,750**
Packing Materials		
Opening Stock	5,00,99,452	4,17,50,948
Add: Purchases	12,89,84,651	11,53,98,633
Less: Closing stock	5,59,34,913	5,00,99,452
	12,31,49,191	**10,70,50,129**
Total	**1,15,46,76,271**	**97,67,81,879**
Details of raw material consumed		
Powder	84,23,98,799	76,56,88,739
Liquids	18,14,53,093	7,96,60,138
Capsule	76,75,188	2,43,82,873
	1,03,15,27,080	**86,97,31,750**
Details of inventory of raw material		
Powder	15,96,61,978	13,42,27,010
Liquids	5,81,10,916	2,85,48,540
Capsule	58,11,708	24,99,913
	22,35,84,602	**16,52,75,463**

23. Purchase of traded goods	31 March 2017 ₹	31 March 2016 ₹
Tablets	2,45,06,872	2,73,12,491
Capsules	2,32,18,929	1,65,23,228
Liquids	1,64,25,609	3,12,07,403
Ointment	53,39,662	-
Powder	7,99,668	-
Soap	4,02,058	-
Medicines	3,87,890	7,31,689
Total	**7,10,80,688**	**7,57,74,811**

24. (Increase)/decrease in Inventories of finished goods and work in progress	31 March 2017 ₹	31 March 2016 ₹
Inventories at the end of the year		
Work-in-progress	8,62,98,627	8,64,05,577
Finished goods	17,79,58,017	11,43,46,260
	26,42,56,643	**20,07,51,837**
Inventories at the beginning of the year		
Work-in-progress	8,64,05,577	6,20,06,425
Finished goods	11,43,46,260	13,39,97,493
	20,07,51,838	**19,60,03,918**
Total (increase)/decrease	**(6,35,04,806)**	**(47,47,919)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	31 March 2017 ₹	31 March 2016 ₹
Details of inventory		
Work-in-progress		
Tablets	2,85,29,098	1,69,32,758
Capsules	27,74,188	59,34,278
Liquids	17,21,347	3,34,557
Ointments	15,45,590	-
EED	-	30,122
Bulk drugs	5,17,28,404	6,31,73,862
	8,62,98,627	**8,64,05,577**
Finished goods		
Tablets	10,55,67,571	8,38,98,098
Capsules	2,12,82,504	1,83,86,075
Liquids	69,20,567	75,88,161
Ointments	40,21,170	34,04,557
EED	952	2,115
Bulk drugs	3,99,48,398	5,63,519
Soap	47,134	-
Medicines	1,69,721	5,03,735
	17,79,58,017	11,43,46,260

25. Employee Benefit Expense

	31 March 2017 ₹	31 March 2016 ₹
Salaries, wages and bonus	40,67,73,148	32,45,19,012
Contribution to provident and other fund	2,09,68,838	1,75,17,810
Gratuity expense (refer note 31)	73,52,493	70,69,992
Leave benefit expense (refer note 31)	19,62,867	10,91,541
Staff welfare expense	2,17,99,417	2,28,13,816
Total	**45,88,56,763**	**37,30,12,171**

26. Other Expenses

	31 March 2017 ₹	31 March 2016 ₹
Consumption of stores and spares	84,84,055	1,00,25,441
Power and fuel	5,00,55,672	4,34,91,100
Water charges	16,84,920	18,44,425
Laboratory and Testing	1,47,51,711	1,29,55,024
Sub-contracting expenses	4,31,16,615	3,19,03,934
Clinical Items - Treatment	47,032	55,037
Testing & Diagnostic Expenses	96,802	1,16,790
Repairs & Maintenance:	-	-
Plant and machinery	1,44,62,540	1,73,86,905
Building	29,67,506	17,17,685
Others	1,59,72,559	1,39,38,688
Excise duty on Finished goods inventory	2,39,103	(1,26,627)
Seminar, Conference & Exhibition Expenses	33,75,177	34,96,757

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
	₹	₹
Freight and forwarding charges	5,40,75,708	5,15,35,766
Commission on Sales	4,34,04,321	1,10,86,242
Breakages & Expired Goods	1,84,93,064	1,84,74,717
Advertisement and selling Expenses	7,61,42,568	5,07,28,865
Traveling and conveyance expenses	7,41,54,359	6,76,17,721
Rates & Taxes	81,44,416	1,11,44,321
Communication Costs	93,32,071	77,30,872
Legal & Professional charges	1,69,12,233	1,20,67,066
Printing & Stationery	54,48,727	41,10,377
Subscription & Membership	19,50,829	18,34,747
Insurance	40,04,077	40,74,961
Rent	1,74,69,612	1,41,98,483
Directors Sitting fees	17,000	18,000
Registration fees	2,01,81,992	79,58,681
Liquidated damages	25,98,480	26,34,456
CSR Expenditure	93,751	2,57,631
Electricity Charges	15,18,993	12,45,997
Balances/Bad debts/Advances written off	58,70,755	18,44,269
Payment to Auditors		
As auditor		
Audit fee	6,70,000	6,20,000
- Tax audit fee	50,000	50,000
- Limited Review	20,000	20,000
In other capacity		
- Other services (certification fees)	80,000	1,00,000
- Reimbursement of expenses	50,000	50,000
Security charges	60,40,359	43,52,893
Vehicle operation and maintenance	28,76,389	28,98,989
Others	8,23,297	3,55,869
Total	**52,56,76,693**	**41,38,16,082**

27. Finance costs

	31 March 2017	31 March 2016
	₹	₹
Bank charges	1,59,83,961	1,12,13,120
Interest		
- Banks	5,73,77,740	4,70,60,054
- Delayed payment of taxes	25,46,168	46,574
- Others	89,42,004	64,57,526
Total	**8,48,49,872**	**6,47,77,274**

28. Depreciation and amortization expenses

	31 March 2017	31 March 2016
	₹	₹
Depreciation of Property, Plant and Equipment (refer note no. 12)	4,57,76,797	4,82,72,621
Amortization of intangible assets (refer note no. 13)	1,91,32,546	2,18,17,418
Total	**6,49,09,343**	**7,00,90,039**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29. Calculation of Earning Per Share (EPS) – Basic and Diluted:

Sl. No.	Particulars	31 March 2017	31 March 2016
1	Opening no. of shares	1,28,72,372	1,28,72,372
2	Total shares outstanding	1,41,72,372	1,28,72,372
3	Weighted average number of shares	1,41,29,632	1,28,72,372
4	Net profit attributable to equity share holders	1,98,60,233	1,40,53,884
5	Basic EPS	1.40	1.09
	Diluted		
6	Weighted average number of shares (including preferential share warrant dilution)	1,41,29,632	1,28,72,372
7	Diluted EPS	1.40	1.09

Consolidated financial statements present the consolidated accounts of the Holding Company and following subsidiaries companies.

30. Details of subsidiaries of the Group are as under:

Sl. No.	Name of the Body Corporate	Country of Incorporation	% of Voting Power held on 31 March 2017 (Directly)
1	Lifezen Healthcare Private Limited	India	50.00
2	Balance Clinics LLP	India	80.00
3	Bal Research Foundation	India	80.00

30.1 The financial statements of the subsidiaries used in consolidation are for the period from 1 April 2016 to 31 March 2017.

31. Gratuity and leave benefits plan:

The following table sets out the status of the plan as required under AS 15 (revised)

Amount in ₹

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Change in defined benefit obligation				
Opening defined benefit obligation	2,01,45,167	1,47,96,335	41,89,611	33,37,801
Interest cost	16,11,613	11,83,707	3,35,169	2,67,024
Current service cost	17,53,067	15,55,235	4,56,072	2,53,839
Benefits paid	(29,13,226)	(17,21,160)	(3,89,954)	(2,39,731)
Actuarial losses/(gain)	39,87,813	43,31,050	11,29,179	5,70,678
Closing defined benefit obligation	2,45,84,434	2,01,45,167	57,20,077	41,89,611

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Reconciliation of present value of the obligation and fair value of plan assets				
Fair value of plan assets at the end of the year	-	-	-	-
Present value of defined benefit obligation at the end of the year	2,45,84,434	2,01,45,167	57,20,077	41,89,611
Asset/(liability) recognized in the balance sheet	(2,45,84,434)	(2,01,45,167)	(57,20,077)	(41,89,611)
Cost for the period				
Current service cost	17,53,067	15,55,235	4,56,072	2,53,839
Interest cost	16,11,613	11,83,707	3,35,169	2,67,024
Expected return on plan assets	-	-	-	-
Net actuarial (gain)/loss recognized for the year	39,87,813	43,31,050	11,29,179	5,70,678
Expense/(income) recognized in the statement of profit and loss	73,52,493	70,69,992	19,20,420	10,91,541

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Movement in the liability recognized in balance sheet				
Opening liability	2,01,45,167	1,47,96,335	41,89,611	33,37,801
Expense/(income) recognized for the period as above	73,52,493	70,69,992	19,20,420	10,91,541
Contribution/Benefits paid	(29,13,226)	(17,21,160)	(3,89,954)	(2,39,731)
Closing liability	2,45,84,434	2,01,45,167	57,20,077	41,89,611
Assumptions at the valuation date				
Discount factor	8.00%	8.00%	8.00%	8.00%
Salary escalation rate	6.00%	6.00%	6.00%	6.00%
Rate of return (expected) on plan assets	9.00%	9.00%	0.00%	0.00%
Retirement age	58	58	58	58

Experience history information for the current and previous four years is as follows:

Gratuity					**Amount in ₹**
Particulars	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**
Defined benefit obligation at the end of the period	2,45,15,477	2,00,76,210	1,47,27,378	95,24,369	74,70,859
Plan assets at the end of the period	-	-	-	-	-
Funded status – surplus/(deficit)	(2,45,15,477)	(2,00,76,210)	(1,47,27,378)	(95,24,369)	(74,70,859)
Experience adjustments in plan liabilities	39,87,813	43,31,050	31,05,767	1,50,422	(2,53,391)
Experience adjustments in plan assets	-	-	-	-	-

Leave Encashment					**Amount in ₹**
Particulars	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**
Defined benefit obligation at the end of the period	57,20,077	41,89,611	33,37,801	23,98,621	17,85,852
Plan assets at the end of the period	Nil	Nil	Nil	Nil	Nil
Funded status – surplus/(deficit)	(57,20,077)	(41,89,611)	(33,37,801)	(23,98,621)	(17,85,852)
Experience adjustments in plan liabilities	11,29,179	5,70,678	(3,10,750)	(4,86,297)	(12,19,505)
Experience adjustments in plan assets	Nil	Nil	Nil	Nil	Nil

32. Export benefits:

The Company has accounted an amount of ₹ 4,02,29,554 (31 March 2016: ₹ 3,21,28,216) being the net amount of credit under various export incentive schemes as announced under Foreign trade Policy. The same will be either received in cash or utilized for off-setting customs duty on future imports. The accumulated amount outstanding on this account as on 31 March 2017 is ₹ 6,03,81,114(31 March 2016: ₹ 50,30,33,065) and the same is reflected under short-term loans and advances.

33. Subsequent Events

On 30 May 2017 the Board of Directors recommended a final dividend of Re. 1 per equity shares (total dividend ₹ 1,41,72,372), be paid to shareholders for FY 2016-17, which will be approved by the shareholders at the Annual General Meeting to held on 22 September, 2017.

34. Based on the information available with the company, principal amount due to micro and small enterprises is ₹ Nil (31 March 2016: ₹ Nil) Further interest paid during the year and interest due at the end of the year to micro and small enterprises is ₹ Nil (31 March 2016: ₹ Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

35. Expenditure on research and development:

An amount of ₹ 1,99,61,222 (31 March 2016: ₹ 1,93,74485) has been incurred during the year on research and development of new products and processes in the R & D centre. Amount written off during the year on account of the above was ₹ 1,91,25,548 (31 March 2016: ₹ 2,16,99,423). The balance on this account as on 31 March 2017: 4,59,20,716 (31 March 2016: ₹ 4,59,20,716).

The details of expenditure incurred during the year is as under:- **Amount in ₹**

Capital Expenditure	**31 March 2017**	**31 March 2016**
Laboratory Equipment	1,94,722	-
Utilities	6,40,952	-
Total capital expenditure (a)	**8,35,674**	**-**
Revenue Expenditure	**31 March 2017**	**31 March 2016**
Raw material consumed	22,70,769	8,39,989
Power and fuel	36,10,764	34,33,075
Water charges	2,89,642	2,92,164
Laboratory and testing	17,53,948	48,07,778
Employee benefit expense	1,05,17,413	93,71,078
Others	6,83,012	6,30,401
Total revenue expenditure (b)	**1,91,25,548**	**1,93,74,485**
Total Expenditure (a+b)	**1,99,61,222**	**1,93,74,485**

36. Related party disclosures:

- **Name of related parties and related party relationship**

Related parties where control/significant interest exist or with whom transactions have taken place during the year:

Nature of relationship	**Name of the related party**
Significant interest entities	Micro Labs Limited
Enterprise owned by the Managing Director of the company	1. Desa Marketing International
Enterprise over which the Managing Director of the Company exercises joint control with other partners	1. Siroya Constructions 2. Siroya Wellness
Enterprise over which the Managing Director of the Company exercises joint control with other directors	1. Siroya Properties & Holdings Private Ltd. 2. Legend Siroya Infrastructure Private Ltd. 3. Sanjay Gems Private Limited 4. Siroya Developers Private Limited
Subsidiaries	1. Lifezen Healthcare Private Limited 2. Balance Research Foundation 3. Balance Clinics LLP
Key Management Personnel	Shailesh D Siroya (Managing Director) Dr. S Prasanna (Whole Time Director) Sanjay Kumar Agarwal (CFO & CS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

- **Particulars of Related party transactions**

The following is a summary of significant related party transactions

Amount in ₹

Particulars	31 March 2017	31 March 2016
Sales to		
Significant interest entities		
- Micro Labs Limited	55,02,750	1,23,55,813
Total	**55,02,750**	**1,23,55,813**
Commission Paid to		
Enterprise owned by the Managing Director of the Company		
- Desa Marketing International	**2,02,76,674**	**44,41,796**
Expenses incurred on behalf of		
Enterprise over which the Managing Director of the Company exercises joint control with other partners		
- Siroya Constructions	5,24,504	9,23,214
- Siroya Wellness	2,800	-
Enterprise over which the Managing Director of the Company exercises joint control with other directors		
- Siroya Properties & Holdings Private Ltd	7,93,098	1,40,00,895
Total	**13,20,402**	**1,49,24,109**
Expenses reimbursed by		
Enterprise over which the Managing Director of the Company exercises joint control with other partners		
- Siroya Constructions	4,59,657	9,61,194
Enterprise over which the Managing Director of the Company exercises joint control with other directors		
- Siroya Properties & Holdings Private Ltd	7,16,298	16,23,941
Total	**11,75,955**	**25,85,135**
Loans and Advances given to		
Enterprise over which the Managing Director of the Company exercises joint control with other directors		
- Siroya Properties & Holdings Private Ltd	50,00,000	1,23,76,954
Total	**50,00,000**	**1,23,76,954**
Rent Paid to		
- Managing Director	**12,00,000**	**12,00,000**
Managerial Remuneration to *		
Key Managerial Personnel		
Shailesh D Siroya	78,00,000	78,00,000
Dr. S Prasanna	30,00,000	30,00,000
Total	**1,08,00,000**	**1,08,00,000**

Note : The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The Company has the following amounts due from / to related parties

Amount in ₹

Particulars	**31 March 2017**	**31 March 2016**
Dues from enterprise over which the Managing Director of the Company exercises joint control with other partners		
Siroya wellness (Included in Trade receivables)	36,47,647	30,74,622
Siroya Constructions (Included in Loans and Advances)	1,94,752	1,30,205
Siroya wellness (Included in Loans and Advances)	**-**	**5,70,225**
Total	3842399	3775052
Dues from Significant Interest entities		
Micro Labs (Included in Trade receivable)	21,84,760	37,71,025
Dues from enterprise over which the Managing Director of the Company exercises joint control with other directors		
Siroya Properties & Holdings Private Ltd (Included in Loans and Advances)	3,77,53,114	3,26,76,314
Dues to enterprise owned by the Managing Director of the company		
Desa Marketing International (Included in Current Liabilities)	1,21,52,669	56,46,891
Dues to Key Managerial Personnel		
Shailesh D Siroya (Included in Other current liabilities)	**-**	**17,10,000**

37. The company has provided for ₹ 3,28,721 (31 March 2016: ₹ 1,15,787) being excise duty on finished goods lying at various manufacturing units at the end of reporting period.

38. Contingent liabilities not provided for:

- Letter of credit ₹ 9,55,06,428 (31 March 2016: ₹ 12,06,47,169).
- Estimated value of contracts remaining to be executed on capital account and not provided for ₹ 65,65,939 (31 March 2016: ₹ 53,90,815).
- Claims against company not acknowledged as debts comprises:

Amount in ₹

Nature	**31 March 2017**	**31 March 2016**
Excise & Customs	1,75,16,709	1,62,88,001
Service Tax	85,88,511	85,88,511
Income Tax	9,63,682	9,63,682
Total	**(*) 2,70,68,902**	**(*) 2,58,40,194**

(*) Pre - deposit under protest ₹ 100,000 (31 March 2016: ₹ 100,000).

- The company is also involved in other lawsuits, claims, investigations and proceedings including patent and commercial matters, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.

39. The company has given counter guarantees to bank against guarantees issued by them on behalf of the company ₹1,39,19,070 (31 March 2016: ₹ 5,31,17,678).

40. Value of imports calculated on CIF basis:

Amount in ₹

Particulars	**31 March 2017**	**31 March 2016**
Raw materials	58,15,76,884	48,60,64,338
Capital goods (Including spares and components)	41,12,866	21,21,403
Total	**58,56,89,750**	**48,81,85,741**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

41. A) Expenditure in foreign currency: **Amount in ₹**

Particulars	31 March 2017	March 2016
Traveling expenditure	32,64,345	35,13,768
Registration fee	29,61,078	24,92,482
Commission on export sales	49,57,231	21,39,838
Sales promotion	79,49,401	53,35,216
Total	**1,91,32,055**	**1,34,81,304**

B) Earnings in foreign currency:

Amount in ₹

Particulars	31 March 2017	31 March 2016
FOB value of exports	115,44,87,742	109,40,72,710

42. Details of consumption of imported and indigenous raw materials, components and spare parts: **Amount in ₹**

Particulars	31 March 2017		31 March 2016	
	Value in ₹	% of total consumption	Value in ₹	% of total consumption
Raw material				
Imported	57,86,81,792	56.10	47,00,85,281	54.05
Indigenous	45,28,45,288	43.90	39,96,46,469	45.95
Total	**1,03,15,27,080**	**100.00**	**86,97,31,750**	**100.00**
Stores and spares				
Imported	------	------	------	------
Indigenous	84,84,055	100.00	1,00,19,744	100.00
Total	**84,84,055**	**100.00**	**1,00,19,744**	**100.00**

43. Segment information

The company is primarily engaged in a single business segment of manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients and is managed as ONE entity, for its various activities and is governed by a similar set of risks and returns.

Geographical segments

In the view of the management, the Indian and export markets represent geographical segments.

Sales by market

The following is the distribution of the company's sales by geographical market:

Amount in ₹

Geographical segments	31 March 2017	31 March 2016
India	82,59,77,122	83,21,48,928
Other than India	147,10,93,191	115,57,49,955
Total	**229,70,70,313**	**198,78,98,883**

Assets and additions to Property, Plant and Equipment by geographical area:

The following table shows the carrying amount of segment assets and additions to Property, Plant and Equipment by geographical area in which the assets are located.

Amount in ₹

Particulars	31 March 2017		31 March 2016	
	India	Others*	India	Others*
Carrying amount of segment assets	203,66,04,174	26,59,53,323	179,78,25,451	31,24,77,501
Additions to Property, Plant and Equipment	8,32,29,999	-	9,11,09,393	-

* Others represent receivables from debtors located outside India.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

44. Unclaimed dividends on equity shares

Year	Amount in ₹
2012-13	1,65,932
2013-14	2,24,684
2014-15	2,35,058
2015-16	2,50,309
Total	**8,75,983**

Unpaid dividend amounting to ₹ 1,72,169 pertaining to FY 2008-09 was transferred to Investor Education and Protection Fund during the current reporting period.

45. Balances of sundry debtors, sundry creditors, loans and advances, receivables and payables are subject to confirmation/reconciliation, if any.

46. In the opinion of the board of director's adequate provision has been made in the accounts for all known liabilities and the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the value stated in the balance sheet.

47. The company's significant leasing arrangements are in respect of operating leases for premises (office, stores, godowns, residential, guest houses, etc.). Theses are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rentals payable is charged as rent under note 26.

48. Additional Information as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiary/ Associates.

Name of the enterprise	Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)	
	As % of consolidated net assets	Amount in ₹	As % of consolidated net assets	Amount in ₹
Parent				
Bal Pharma Limited	110.86	66,54,84,946	(673.57)	4,96,59,222
Subsidiaries				
Indian				
Lifezen Healthcare Private Limited	(9.17)	(5,50,36,529)	715.56	(5,27,54,696)
Balance Clinics LLP	(1.83)	(1,10,12,027)	56.49	(41,64,601)
Bal Research Foundation	0.14	8,69,443	1.53	1,12,449)
Total		**60,03,05,833**		**(73,72,525)**

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

Particulars	SBNs(1)	Other Denomination notes	Total
Closing Cash in hand as on November 8, 2016	11,27,500	**7,02,358**	**18,29,858**
Add: Permitted receipts	**-**	**14,44,283**	**14,44,283**
Less: Permitted Payments	-	11,08,766	11,08,766
Less: Amount Deposited in Banks	11,27,500	7,500	11,35,000
Closing Cash in hand as on December 30, 2016	**-**	**10,30,375**	**10,30,375**

* For the purpose of this clause, the term "specified bank notes" shall have the same meaning provided in the notification S.O. 3407(E) of the Government of India, in the Ministry of Finance, Department of Economic effects.

50. The company has reclassified previous year figures to conform to current year's classification.

As per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration number- 002491S

For and on behalf of directors of Bal Pharma Limited

T D JAIN
Partner
Membership No. 012034

Sanjay Kumar Agarwal
Chief Financial Officer & Company Secretary

Dr. S. Prasanna
Director
DIN: 00084602

Shailesh D Siroya
Managing Director
DIN: 00048109

Bengaluru
30 May 2017

FINANCIAL SUMMARY - LAST 10 YEARS AT A GLANCE

(Rs. in Lakhs)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
A. Sales and Earnings										
Turnover	23201.45	20182.40	19066.95	18200.88	15024.67	14224.60	11664.84	10815.16	10655.43	9034.56
Profit Before Tax	806.97	518.44	520.12	662.60	508.91	436.56	110.27	-90.62	405.57	420.30
Tax	310.38	237.83	117.84	155.37	80.56	60.87	63.04	52.26	106.28	134.59
Profit After Tax	496.59	280.60	402.28	507.23	428.35	375.69	47.23	-142.88	299.29	285.71
Retained Earnings (Non Cumulative)	328.51	138.88	273.56	377.23	6335.57	375.69	47.23	-142.88	207.30	163.50
B. Assets and Liabilities										
Tangible Fixed Assets (Net)	5688.79	5525.65	4781.00	5055.90	4761.60	4766.55	4810.69	4975.08	5532.73	4592.82
Intangible Assets (Net)	466.41	462.29	486.65	486.56	508.70	564.44	594.68	523.21	493.99	463.22
Investments	117.50	117.50	109.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Net Current Assets	2747.67	1382.67	1242.00	834.50	35.29	4928.12	4634.01	4141.98	2990.81	3476.93
Share Capital	1417.24	1287.24	1287.24	1287.24	1111.14	1057.36	1057.36	1048.32	1048.32	1048.32
Reserves & Deferred Tax Liability	6127.47	5078.29	4800.00	4543.90	4107.50	3689.98	3278.83	3151.57	3253.88	2958.05
C. Ratios										
Earnings Per Share Rs.	3.51	2.18	3.14	4.77	4.77	4.05	3.57	0.39	-1.36	2.85
Dividend Per Equity share %	10	10	10	10	7.5	-	-	-	7.5	10
Book Value Per Equity Share Rs.	47.75	44.05	43.19	45.04	45.04	42.20	37.88	34.82	29.40	36.33

BOOK POST

OUR MISSION

A full fledged global player catering to the needs of medical fraternity and pharmaceutical industry



Bal Unit - 1 *Bangalore*

- Plant commissioned in the year 1992
- WHO - GMP certified & ISO 9001:2000 approved
- Manufacture of finished dosage forms



Bal Unit - 2 *Bangalore*

- Plant commissioned in the year 1996
- Multi purpose API facility approved as per WHO-GMP guidelines
- Manufacture R&D lab approved Department of Science & Technology



Bal Unit - 3 with FFS Technology *Pune*

- Plant renovated as per WHO-GMP guidelines
- Engaged in SVP and LVP (Intravenous) by Form Fill & Seal technology



Bal Unit - 4 *Uttranchal*

- State - of art plant designed for regulated market in excise free zone
- Formulation Plant in 4 ½ acres land, having a construction area of 88000 sq.ft.



Bal Unit - 5 *Sangli*

- Engaged in the manufacturing of intermediates
- Spread across 20.78 acres of land, with state of the art machinery and skilled man power

BAL PHARMA LIMITED

CIN# L85110KA1987PLC008368

Corporate Office: 5th Floor, Lakshmi Narayan Complex, 10/1, Palace Road, Bangalore - 560 052, India.

Ph : +91-80-4137 9500 Fax : +91-80-2235 4057 / 2235 4058

Email : secretarial@balpharma.com / info@balpharma.com / www.balpharma.com