

30th Annual Report 2016-2017

Shilpa

Innovating for affordable healthcare

Shilpa Medicare Limited



Shilpa Medicare Ltd bagged Pharmexcil's "Patent Award" in recognition of commendable contribution in pharmaceutical patents.



Shilpa Medicare Ltd awarded "Power of I" from Outlook Business, India. 2017



Mr. Bhutada, CNBC Tv18 interview (Making IT Big Season 7, Ep.# 6)



Mr. Viswaprasad, IPM Head received Export Excellence Award by FKCCI-2017.

Innovating for affordable healthcare

Registered Office
#12-6-214/A1,
Hyderabad Road,
Raichur, Karnataka- 584135

30th

ANNUAL GENERAL MEETING

Friday the 29th day of September, 2017 at 12.15 P.M.
at the Registered Office of the Company at #12-6-214/A1,
Hyderabad Road, Raichur, Karnataka - 584 135

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COMPANY INFORMATION

Board of Directors

Omprakash Inani	:	Chairman
Vishnukant C Bhutada	:	Managing Director
Ajeet Singh Karan	:	Independent Director
Carlton Felix Pereira	:	Independent Director
Pramod Kasat	:	Independent Director
Rajender Sunki Reddy	:	Independent Director
N.P.S Shinh	:	Independent Director
Venugopal Loya[@]	:	Independent Director
Namrata Bhutada	:	Non-Executive Director
Naresh Patwari[$]	:	Non-Executive Director

[@]Ceased to be a Director from 14th February, 2017
[$]Co-opted as Director from 26th December, 2016

Board Committees

Audit Committee

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

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

Omprakash Inani - Chairman
Vishnukant C Bhutada - Member

Corporate Social Responsibility Committee

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

Company Secretary

Sujani Vasireddi (upto 31.08.2016)
Madhusudhan Reddy (w.e.f. 26.12.2016)

Auditors

Bohara Bhandari Bung And Associates LLP
Chartered Accountants
#12-10-89/1,2nd Floor, Anagha Complex
Above Canara Bank, Near Mahabaleshwar Chowk,
Raichur - 584 101.

Bankers

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

Registered Office

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

Works

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

100 % Export Oriented Unit & R & D

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

SEZ Unit

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

R&D Units

Vizag R&D
Raichur R&D

Subsidiary Companies

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

Associate Company

1. Reva Pharmachem Private Limited

Joint Venture Company

1. Maia Pharmaceuticals Inc
2. Reva Medicare Private Limited
3. Raichem Medicare Private Limited

PERFORMANCE OF THE COMPANY STANDALONE AT GLANCE FOR 5 YEARS

(Rs. in Lakhs)

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Gross Revenue@	33320.22	53622.14	57085.55	69251.47	75438.75
Profit before Depreciation, Exceptional Item & Taxes	6846.86	12317.40	14198.12	17230.94	20086.12
Depreciation	1275.36	2109.20	1908.50	2119.03	2603.17
PBT	5561.13	10208.20	11901.64	14869.96	17028.80
Taxes*	965.17	2122.52	3483.53	3583.69	4369.74
PAT	4595.96	8085.68	8409.77	11286.26	12659.05
Dividend (Inc. Dividend Tax)	370.53	451.02	508.85	555.12	578.63

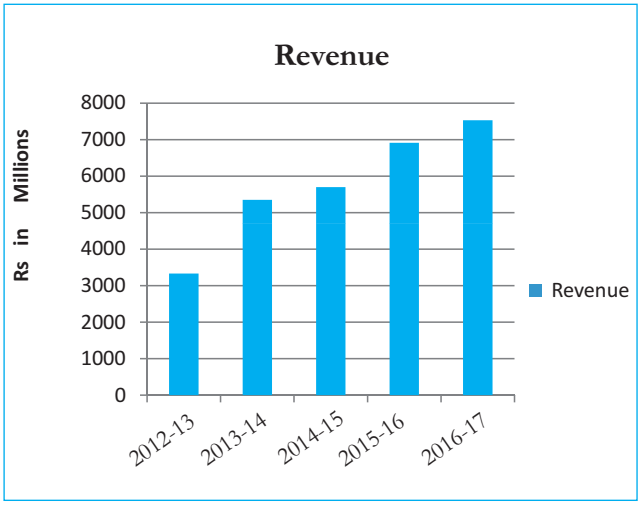
PERFORMANCE PARAMETERS

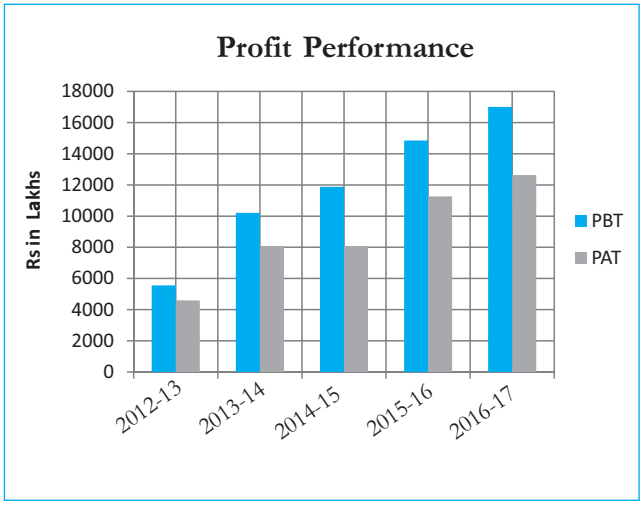
Net Fixed Assets	15255.58	25766.05	28001.31	34977.01	39948.83
Share Capital	490.58	735.72	771.02	771.02	801.27
Reserves & Surplus	32588.13	40520.78	55538.56	65687.94	94798.01
Net Worth (Net)	33078.71	41256.51	56309.58	66458.96	95599.28
Returns on Net Worth (%)	13.89	19.59	14.93	16.98	13.24
Borrowings	9816.58	8007.76	8705.14	8617.64	23529.88
Debt Equity Ratio (Gross)	0.30	0.19	0.15	0.13	0.31
Dividend (%)	65	50	55	60	60
Earning per share#	12.49	21.98	21.94	14.64	16.25

** Includes Deferred Taxes.*

@Net of Excise duty (2012-13, 2013-14, 2014-15)

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





NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of the Shilpa Medicare Limited will be held on **Friday the 29th day of September, 2017 at 12.15 P.M.** at the Registered Office of the Company at #12-6-214/A-1, Hyderabad Road, Raichur Karnataka- 584135, to transact the following items of business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31st March 2017, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.**

2. **To confirm the Interim Dividend of Re.0.60 per share paid and declare the same as the dividend for the year 2016-17.**

3. **To appoint a Director in place of Ms. Namrata Bhutada (DIN: 05133614) who retires by rotation and being eligible, offers herself for re-appointment.**

4. **To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there-under, and pursuant to the recommendation of the Audit Committee, the consent of the members of the Company be and is hereby accorded to appoint M/s. Brahmayya & Co, Chartered Accountants, Registration No. 000513S, as statutory auditors of the Company, in place of retiring Auditors M/s. Bohara Bhandari Bung And Associates LLP, Registration No. 008127S/S200013, for a period of 5 (Five) years subject to the ratification of members in every Annual General Meeting, on such terms as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending March 31,2018."

SPECIAL BUSINESS:

5. **Appointment of Mr. Naresh Patwari as Director**

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

   "RESOLVED THAT Mr. Naresh Patwari (DIN: 03319397), who was co-opted as an Additional Director of the Company pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act, 2013 and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 160, along with a deposit of Rs.1,00,000/-, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be determinable by retirement of Directors by rotation."

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

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, payable to M/s V.J Talati & Co., Cost Accountants (Regd.No.M/2203), to audit the cost records maintained by the Company for the financial year ending March 31, 2018, be and is hereby approved and ratified."

7. **Approval of Related Party Transaction:**

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

   "RESOLVED THAT pursuant to the Regulation 23 of SEBI (LODR) Regulations, 2015 (as amended from time to time by the Securities and Exchange Board of India and for the time being in force), and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution) for entering into transactions, contracts or arrangements on such terms and conditions as the Board may think proper and beneficial for the Company with all its subsidiaries, Joint Ventures and Associate companies of the Company, during every financial year commencing after 31st March, 2017 upto Rs. 400.00 Crores per financial year, for a period of 3 years."

   "FURTHER THAT the Board be and is hereby authorized to negotiate and settle the terms and conditions of related party transactions and all others matters incidental thereto and to give such direction as considered necessary including delegating all or any of the powers herein conferred to any Committee of

Directors, Executive Chairman, Managing Director, Whole Time Director(s), Director(s) and/or any officers of the Company, and authorize them to sign and execute all agreements, applications, contracts, deeds, and/or documents that may be required, on behalf of the Company and the Board hereby further authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental thereto without being required to seek any further consent or approval thereto, for the purpose of giving effect to this resolution."

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

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

Place: Raichur
Date : 10.08.2017

NOTES:

1. The Explanatory Statement in respect of the special business in the Notice, pursuant to Section 102 of the Companies Act, 2013 ('the Act') is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
3. Proxy forms in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting.
4. The Company has notified closure of Register of Members and Share Transfer Books from **23.09. 2017 to 29.09.2017** (both days inclusive) for the Annual General Meeting.
5. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
6. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
7. All the shareholders and beneficial owners who have not claimed the dividend for the years 2009-10 to 2015-16 are requested to submit their claims immediately to the Company/ STA for respective dividends. The dividends unclaimed for 7 years along with respective shares will be transferred to Investor Education and Protection Fund.
8. The annual accounts of the subsidiary companies and the related detailed information are available for inspection by any shareholder(s) at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.
9. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the Attendance slip duly filled in for attending AGM. Copies of Annual Report will not be provided at the AGM.
10. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
11. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agents and members holding shares in electronic form may obtain the Nomination form from their respective Depository Participants.
12. The notice of the 30th Annual General Meeting is available on the website of the Company www.vbshilpa.com and website of Agency i.e https://evoting.karvy.com.
13. Members holding Shares in physical form may write to the Company/Registrar & Share Transfer Agents (RTA) for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately.
14. Pursuant to the provisions of Sections 125 of the Companies Act, 2013, the Company will transfer the unclaimed or un-enchased dividends for financial year 2009-10 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend to IEPF after the expiry of seven years from the date of transfer to unpaid dividend account. Members, who have a valid claim to any unclaimed dividends which are not yet transferred, may claim the same from the Company immediately.
15. Registration of e-mail addresses for sending annual reports, communications, etc: Members are requested to register their e-mail addresses and changes therein from time to time with the Registrars and Share Transfer Agents (in case of physical shares) or with the concerned Depository Participant (in case of electronic holdings) so that the Company will use the same for sending notices, annual reports and other communications.

    Copies of annual report 2016-17 are being sent under electronic mode only, to all the members whose e-mail addresses are registered with the Registrars and Share Transfer Agents of the Company i.e. Karvy

Computershare Private Limited / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the annual report 2016-17 are being sent by a permitted mode.

16. That the Company is providing facility for voting by electronic means and the business may be transacted through such voting as mentioned down under;

17. **Process and manner for members opting for e-voting are as under**:

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

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

I. Launch internet browser by typing the URL: https://evoting.karvy.com.

II. Enter the login credentials (i.e., User ID and password mentioned in your email/AGM Notice). Your Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

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

III. After entering these details appropriately, Click on "LOGIN".

IV. You will now reach password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

V. You need to login again with the new credentials.

VI. On successful login, the system will prompt you to select the "EVEN" i.e., Shilpa Medicare Limited.

VII. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

VIII. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution.

IX. Corporate/Institutional Members (i.e other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: **cs@vbshilpa.com,** with a copy marked to **evoting@karvy.com**. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVEN NO."

B. In case of Members receiving AGM Notice by Post:

I. User ID and initial password as provided in the AGM Notice Form.

II. Please follow all steps from Sr.No. (i) to (ix) as mentioned in (A) above, to cast your vote.

C. The e-voting period commences on **26.09. 2017 at 9.00 A.M. and ends on 28.09. 2017 at 5.00 P.M.** In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.

D. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member(s)/ beneficial owner(s) (in case of electronic shareholding) as on the cut-off date i.e. **23.09 2017.** A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off**

date, i.e. 23.09.2017 will be entitled to avail the facility of remote e-voting/Insta Poll.

E. Once the vote on a resolution is cast by a member(s), the member(s) shall not be allowed to change it subsequently or cast the vote again.

18. That the facility for voting either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

19. That the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

20. Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or polling paper. If they are opting for e-voting, then they cannot vote physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.

21. The Board of Directors has appointed Mr. Ajay Vemuri, Proprietor of M/s. VCAN & Associates, a Practicing Company Secretary as a Scrutinizer to process the e-voting and submit the report to the Chairman.

22. Compliance Officer of the Company shall be responsible for addressing all the grievances of Shareholders in relation to this Annual General Meeting including e-voting. His contact details are **E-mail: cs@vbshilpa.com**, **Phone No: 08532-238704.**

23. The members may download a copy of the notice of this meeting and the results declared along with the Scrutinizer's Report from the website of the Company (www.vbshilpa.com) or from https://evoting.karvy.com.

24. Brief Profile of Directors seeking appointment and re-appointment at the 30th Annual General Meeting (pursuant to Regulation 26(4) and 36(3) of SEBI (LODR) Regulations, 2015) and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India is attached to this Notice as **Annexure-A.**

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

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

Item No. 5

Pursuant to Section 161 of the Companies Act, 2013, the Board has co-opted Mr. Naresh Patwari (DIN No.03319397), as an Additional Director w.e.f 26th December, 2016. He has co-opted by the Board as a Nominee of TA FII Investors Limited. He holds office upto the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from TA FII Investors Limited, a member of the Company proposing candidature of Mr. Naresh Patwari (DIN No.03319397), as Director of the Company, in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013, whose period of office is determinable by retirement of Directors by rotation. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board considered to co-opt Mr. Naresh Patwari (DIN No.03319397), as Director.

Mr. Naresh Patwari (DIN No.03319397) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

Except Mr. Naresh Patwari (DIN No.03319397), none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

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

Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. V.J Talati & Co, Cost Accountants (Regd. No. M/2203), remuneration payable to them, for conducting the audit of the cost records of the Company for the financial year ended 31st March, 2018.

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

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

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

The Board recommends the resolution set forth in Item No.6 for approval of the members.

Item No.7

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

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

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

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

The members are further informed that no member(s) of the company being a related party or having any interest in the resolution as set out at Item No.7 shall be entitled to vote on this special resolution.

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

The Board recommends the resolution set forth in Item No.7 for approval of the members.

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

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

Place: Raichur
Date : 10.08.2017

ANNEXURE - A

Details of Directors as on March 31, 2017 seeking appointment/ re-appointment at the Annual General Meeting [Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of the Director	**Ms. Namrata Bhutada**	**Mr. Naresh Patwari**
Date of Birth	13-01-1993	25-04-1978
Date of Appointment	28-02-2015	26-12-2016
Relationship with Directors	Related to Mr.Vishnukant C. Bhutada	None
Expertise in specific functional area	Born in the traditional business family, got exposed to good business administration skills and also got good exposure in various administrative matters of the Company since last Four years.	Six years' experience in advising on investments in India and other emerging markets. He has deep domain experience in healthcare and pharma, consumer-facing industries and media.
Qualification	MBA (Finance)	B.Tech (IIT), MBA (Tuck School of Business at Dartmouth)
Board Membership of other companies as on 31st March, 2017	NIL	TCNS Clothing Co. Pvt. Ltd.
Chairman/Member of the Committee of the Board of Directors as on 31st March, 2017	NIL	NIL
Chairman/Member of the Committee of Directors of other companies in which he is a director as on 31st March, 2017		
a) Audit Committee	NIL	Yes
b) Stakeholders' Relationship Committee	NIL	NIL
c) Nomination and Remunerations Committee	NIL	NIL
Number of shares held in the Company as on 31st March, 2017	22,500	NIL

DIRECTOR'S REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting herewith the 30th Annual Report on the business of your Company together with the Audited Accounts for the financial year ended 31st March, 2017.

FINANCIAL SUMMARY (Rs. in lakhs)

PARTICULARS	Financial Year 2016-17		Financial Year 2015-16	
	Standalone	Consolidated	Standalone	Consolidated
Operating Revenue	**73,764.89**	**78,356.24**	68,137.36	72,216.91
Other Income	**1,673.86**	**1,800.28**	1,114.11	1,135.98
Profit before Interest, Depreciation & Tax after exception Item	**19,896.49**	**18,888.87**	17,316.17	16,893.69
Interest	**264.52**	**269.41**	327.19	393.30
Depreciation	**2,603.17**	**3,002.14**	2,119.03	2,313.88
Net Profit Before Tax	**17,028.80**	**15,617.32**	14,869.96	14,185.89
Provision for taxation				
a. Current Tax	**3,632.26**	**3,679.36**	3,035.51	3,053.99
b. Less: MAT credit entitlement	**(288.20)**	**(288.19)**	(501.29)	(501.30)
c. Deferred tax	**1,025.68**	**1,076.08**	1,049.48	1,009.21
Profit after Tax	**12,659.05**	**11,150.07**	11,286.26	10,623.99
Share of Profit/(Loss) in Associate/Joint Venture	**-**	**(513.61)**		(149.71)
Share of Profit (Loss) in Non-Controlling Interest	**-**	**268.67**	-	(359.94)
Other Comprehensive Income/(Expenses) (Net)	**(182.60)**	**(182.60)**	19.45	19.45
Total Comprehensive income	**12,476.46**	**10,722.53**	11,305.71	10,853.66

REVIEW OF OPERATIONS:

During the year under review the Company reported gross revenues of Rs.**73,764.89** lacs as against Rs.**68,137.36** lacs and Net Profit of Rs. **12,659.05** lacs as against Rs.**11,286.26** lacs in the previous year.

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

FORMULATION R&D

Shilpa Medicare Limited Formulation Research and Development Centre is located at Vizag.

Formulation research Centre is concentrated in developing generic equivalents to reference listed drugs for Global Markets like USA, Europe and RoW for injectable and oral formulations used for the treatment of cancer and other indications like Multiple sclerosis, liver diseases, HIV etc.

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

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

Highlights FY 16-17:

- In FY 16-17, Shilpa successfully launched the generic versions of Vidaza® Injection & Xeloda® Tablets.
- In FY 16-17, Shilpa filed one ANDA with paragraph IV certification as First to File (FTF)

SHILPA MEDICARE API FACILITIES

Shilpa Medicare having two API facilities in Raichur, maintaining continuous GMP Compliance USFDA, EU,

Korean, Cofepris, Canadian, PMDA Japan, TGA Australia etc. approved facilities.

We have six API blocks in unit I and ten in unit II (EOU) at Raichur. We produce both Oncology and non-Oncology products and handle the Cytotoxic products in a highly précised isolators without affecting and taking care of persons and environment.

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

Till now company enjoyed a sound business in providing affordable APIs to country and worldwide.

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

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

Shilpa Medicare- Finished Dosage Formulation Facility

Shilpa Medicare Limited - Finished Dosage Formulation Facility is a World Class GMP compliant Facility engaged in manufacturing of potent drugs. The facility is designed for handling of potent Drug Products (including Oncology products) for various regulatory markets in a highly contained manner. All types of OEL category (Type-1 to 4) can be handled in the facility.

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

4 No's of oral solid dosage and **7 no's of injectable products** have been taken the **exhibit batches** during 2016-17.

SHILPA MEDICARE LIMITED INTELLECTUAL PROPERTY MANAGEMENT (IPM) TEAM

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

Shilpa Medicare Limited Intellectual Property Management (IPM) team is responsible for building Shilpa's global generic product pipeline as well as creating, managing and protecting its high value patent estate. Shilpa has a dedicated IPM Team which provides stage wise IP-clearances during product/process development activities and also provides frequent updates and alerts on relevant IP (patent, trademark etc) to R&D scientists for products/process and suggests remedial measures to deal with IP issues. Shilpa IPM team is involved in product selection activity to ensure that right products are selected for development.

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

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

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

Highlights FY 16-17:

- During the year FY 16-17, Shilpa has settled one of its ANDA pending litigation on generic version of Gleevec® Tablets.
- In FY 16-17, Shilpa has filed 24 patent applications taking the cumulative total to 213 patent applications in India and other countries. Shilpa received grants for 5 patents.
- Shilpa has plans for filing 3 ANDA with paragraph IV certification with US FDA, out of which two could be first-to-file ANDA's.

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

US DMFs

1 (one) (Pirfenidone)- and is with CA status available.

4 (Four) - (Azacitidine, Fingolimod Hydrochloride, Capecitabine, and Temozolomide) DMFs approved in support of ANDA reviews.

EDQM:

2 (Two) (Pirfenidone and Temozolomide) Filed.

4 (Four) CEPs granted (Pirfenidone, Temozolomide, Imatinib mesylate and Capecitabine)

Europe DMFs approvals :

3 (Three) DMFs Bortezomib, Imatinib Mesylate, Gemcitabine HCl were approved / in support of dossiers filed by different MAHs.

Regulatory Approvals: USFDA.

During the year under review the Company has received EIR from USFDA, for the inspection conducted during the period of December, 2016 for both API manufacturing sites located at Raichur, Karnataka, i.e. Unit-1: Deosugur Industrial Area, Deosugur, Raichur, Karnataka, India and Unit-2: Raichur Industrial Growth Centre, Chicksugur, Raichur, Karnataka, India.

REGULATORY FILINGS (UNIT-IV-Jadcherla) (Formulation)

US ANDA's

- Dimethyl Fumarate DR Capsules 120 mg & 240 mg - ANDA#210291

US ANDA's Approvals

- Azacitidine for Injection 100 mg/vial - ANDA#207518 (29th Sep 2016)
- Capecitabine Tablets USP 150 mg & 500 mg-ANDA#207456 (12th Dec 2016)
- Several ANDA under filing/filed.

Europe approvals

- Imatinib 100 mg Film Coated Tablets
- Imatinib 400 mg Film Coated Tablets
- Bortezomib Koanaa 3.5 mg Powder for Solution for Injection
- Several MA under filing/filed.

Regulatory Approvals: USFDA

During the assessment year FDF site was inspected by FDA and the EIR received with zero 483 on December 2016.

CHANGE IN NATURE OF BUSINESS:

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

DIVIDEND:

During the financial year under review your Company declared and paid an interim dividend of Re. 0.60 per share and the Directors recommended the same as dividend for the F.Y 2016-17 keeping in view the fund requirements for the on-going expansion plans. An amount of Rs.5,78,63,315/- (Rupees Five Crore Seventy Eight Lakh Sixty Three Thousand Three Hundred and Fifteen only) inclusive of dividend distribution tax was absorbed towards the dividend for the F.Y 2016-17.

TRANSFER TO RESERVES:

We propose to transfer Rs. 500.00 Lacs to the general reserve. An amount of Rs. 11397.82 Lacs is proposed to be retained in the surplus account.

INFUSION OF CAPITAL:

During the year under review, as part of mobilization of resources for the purpose of expanding the operations of the Company, fresh funds were raised by allotting 30,25,000 (Thirty Lakh Twenty Five Thousand) equity shares of Re.1/- (Rupee One) each to TA FII Investors Limited, at a premium of Rs.569/- (Rupees Five Hundred and Sixty Nine) each on 26th December, 2016 on preferential basis.

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

Pursuant to the enforcement of Section 230 - 240 of the Companies Act, 2013, the merger application filed by the Company before the Hon'ble High Court of Judicature of Karnataka, was transferred to National Company Law Tribunal (NCLT), Bengaluru Bench. NCLT directed the Company to seek the approval of the equity shareholders on the proposed scheme and dispensed with the meeting of the Creditors, as Creditors submitted their No-objection to the proposed scheme. Notice of the Court Convened meeting was sent to all the shareholders of the Company, who were holding shares as on the record date fixed and they had an option to vote on the proposed scheme, through postal ballot/e-voting/by way of physically participating in the meeting. The Court convened meeting of the equity shareholders was held on 29th April, 2017, wherein majority of the equity shareholders present and those who participated through postal ballot and e-voting, have consented to the proposed scheme.

Subsequent to obtaining approval of the equity shareholders, the Company has filed a Petition before NCLT, to sanction the proposed scheme. The petition filed is pending for consideration of the Tribunal.

DIRECTORS OR KEY MANAGERIAL PERSONNEL

Ms. Namrata Bhutada (DIN No.05133614), Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

During the year Mr. Naresh Patwari (DIN No.03319397), had been co-opted as Additional Director w.e.f 26th December,

2016, as a Nominee of TA FII Investors Limited. Notice in writing under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, has been received and the board has proposed to co-opt him as Director of the Company, whose period of office shall be determinable by retirement of Director by rotation, subject to the recommendation of the Nomination and Remuneration Committee.

During the period under review the Company Secretary Mrs. Sujani Vasireddi has resigned from the services w.e.f 01-09-2016 and Mr. Madhusudhan Reddy has been appointed as Company Secretary of the Company w.e.f 26-12-2016.

During the period under review Chief Financial Officer (CFO) Mr. Nihalchand Bhandari has resigned from the services w.e.f 26-08-2016 and Mr. Rajendra Dugar has been appointed as CFO w.e.f 25-11-2016.

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

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

AUDITORS

STATUTORY AUDITORS

As per the provisions of Section 139(2)(b) of the Companies Act, 2013, the term of M/s. Bohara Bhandari Bung and Associates LLP, Chartered Accountants, has expired. Basing on the recommendation of the Audit Committee, the Board has proposed to appoint M/s. Brahmayya & Co, Chartered Accountants, Registration No. 000513S, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the 35th Annual General Meeting, subject to ratification by the members at every Annual General Meeting. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditor shall be placed for ratification at every subsequent Annual General Meeting. In this regard, the Company has received a certificate from the auditors to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014.

Cost Auditors:

The Board has appointed M/s. V.J. Talati & Co., Cost Accountants for conducting the audit of cost records of the Company for various segments for the financial year 2017-18 as recommended by the Audit Committee. As required under Section 148 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 a resolution is being placed at the ensuing AGM for ratification of remuneration payable to said Cost Auditors.

Secretarial Auditors:

M/s. P.S. Rao & Associates, Practicing Company Secretaries were appointed to conduct the Secretarial Audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The Secretarial Audit Report for Financial Year 2016-17 forms part of this Report as Annexure - 9.

The Board has appointed M/s P.S. Rao & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for the financial year 2017-18.

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

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

However with regard to the qualification raised by the Secretarial Auditor, with regard to not spending the CSR amount for the year 2016-17, your Company states that the entire amount has been transferred to Shilpa Foundation, a Trust formed by the Company to carry on the CSR Activities.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO:

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

RISK MANAGEMENT POLICY:

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

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the provisions of Section 129 (3) of the Companies Act, 2013, the Consolidated Indian Financial Statements, drawn up in accordance with the applicable Indian Accounting Standards, forms part of this Annual Report. A separate statement containing the salient features of the financial statements of Subsidiaries, Associates and Joint Ventures in Form AOC-1, is annexed herewith as Annexure - 5.

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

Annual accounts of the Subsidiary Companies and related detailed information will be available for inspection by the members, at the registered office of the Company and will also be made available to the members upon request.

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

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

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

The Board of Directors of the Company have adopted various policies like Related Party Transactions policy, Whistle Blower Policy, Policy to determine material subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

SUBSIDIARIES & ASSOCIATES & JOINT VENTURES

RAICHEM MEDICARE PRIVATE LIMITED (100% EOU)

Raichem Medicare Pvt Ltd is a 100% export oriented unit and joint venture of SHILPA MEDICARE LTD with ICE SPA and PCA SPA Italy, which is located at Raichur Industrial Growth Centre, Raichur in the state of Karnataka. During the year 2016-17 Raichem completed all the validation activities and started commercial production and its products are exported. Also Raichem has been approved as qualified supplier for ICE SPA and PCA SPA. Raichem site has also registered with PMDA Japan and the approval process is under progress. After approval Raichem will produce for Japanese market and supply through ICE SPA by adhering to CGMP and stringent quality parameters. Raichem also set up full-fledged R & D lab and analytical development lab for supporting production and also to develop new molecules of bile derivatives. Raichem has established its quality policy, EHS policy, and has initiated training programs for safety, and also employee well fare measures are implemented.

INM TECHNOLOGIES PRIVATE LIMITED

(NANOTECHNOLOGY DIVISION)

Innovative Nano & Micro Technologies Private Limited Incorporated in the FY 2014-2015 a subsidiary of Shilpa Medicare Ltd, Raichur. Company has a vision to serve the humanity using Nano technology products. Company drives with Strategic intent "Innovations for All Generations". INM Technologies profile mainly contains: High-tech know-how, competencies and expertise to meet industrial needs and strengthen industrial competitiveness in Asia, Europe, and USA. Expertise in the field of the Materials Engineering / Pharmaceutical Technology and service in advanced technology and product development. Scale up process for the developed micro / nanomaterials. Based on our research activity and our experience in the chemistry, materials science and engineering, pharmaceutical technology sectors, we develop and integrate nanostructured materials in the products of our customers of various industrial sectors. State of the art facility for synthesis, characterization and analytical testing of Nano products, trained manpower for process design & monitoring has been established and includes 9 departments in the company involving major disciplines namely Biotechnology, Bio-Medical, Analytical and Pharmaceutical, Chemical, Polymer, Coatings, Electronics and Smart materials. INM Technologies has initiated the process to obtain ISO 9001 certification from prestigious TUV Group. After completion of 3 years of establishment i.e., by 2018 January, INM Technologies will apply for DSIR certification.

SHILPA THERAPEUTICS PRIVATE LIMITED

(FORMERLY NU THERAPEUTICS PRIVATE LIMITED)

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

Shilpa Therapeutics Pvt. Ltd. (formerly NU Therapeutics Pvt. Ltd.) is the first company to commercialize prescription products as oral thin strips/films in India.

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

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

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

Vertically integrated GMP facility from Research to Commercialization

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

Products available in the Domestic Market

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

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

KOANAA HEALTHCARE GmbH

Koanaa Healthcare GmbH was incorporated in July 2016 as 100% subsidiary of Shilpa Medicare Limited and Dr. Walter Erber took over the responsibility as CEO/Managing director. He is initiating, developing and guiding Koanaa Healthcare GmbH as a Start-Up company to a pharmaceutical company which is distributing and selling Shilpa´s oncological portfolio in Europe.

Koanaa Healthcare GmbH is being managed by a well experienced group of leaders who share the passion and dreams of Koanaa Healthcare GmbH vision of "Innovating for Affordable Healthcare". With their vast expertise in diverse sector of pharma business, our team brings on board their care, creativity, enthusiasm and commitment of achieving 'Affordable Healthcare' for everyone. Our team is dedicated for creating value to our customers, shareholders, partners and providing care for employees at all levels in the organization.

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

In terms of geographical presence we are starting in Austria (Fischamend) near Vienna and in Germany (Subsidiary office, Medical Park Hanover) with own commercial teams, in other territories like Northern Europe, CEE and Benelux and South Europe we are seeking for partnerships with other pharmaceutical companies.

As a very first step, Koanaa Healthcare GmbH got the approval from the AGES inspection (Austrian pharmaceutical authority) in December 2016 as a wholesaler with the official right to provide pharmaceutical products including Formulation & Filling, Packaging, Product Release, Storage and Transport. Koanaa Healthcare GmbH got subsequently on the 18 January 2017 the pharmaceutical trade certificate and went "online" with selling the first oncology products in Europe.

Imatinib was the first product which was launched in the Germany and Austria in April/May 2017. After pricing- and reimbursement and commercial activities first sales came already shortly after launch and will proceed within the next months, especially under the light that in Austria, finally reimbursement is achieved for September 2017.

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

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

LOBA FINECHEMIE GmbH

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

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

In the years 2017/2018 and onwards the sales will further develop and allow Loba Feinchemie GmbH to proceed with the expansion strategy in terms of production and in terms of human resources.

Reva Pharmachem (P) Ltd

The company is focused and specialised in API business with operations in Regulated and Emerging markets. The core markets are; Japan, Korea, Vietnam, Italy & Greece. The customer base has increased across markets but Japan & Korea are the front runners. We have secured foothold with the largest Oncology "Generic" Co of Japan which controls over 70% of the market. We are hopeful that in next 6 months we will have 2 products registered in Japan besides more in pipeline.

Reva Medicare Private Ltd

Reva Medicare is a joint venture between Shilpa Medicare Ltd and Akira Pharma (P) Ltd.

The core focus, expertise of the organization is to build Drug Product Business in Emerging Markets. The company has already executed agreements with key generic manufacturers who will supply their products exclusively through Reva to the consumption market. The license to the export market will be held by Reva.

MAIA Pharmaceuticals, Inc. ("MAIA"):

MAIA is a company based in USA,that engages in the research, development and commercialization of pharmaceutical products. The Company has made an investment into MAIA Pharmaceuticals, Inc. in 2013 and 2014 respectively. MAIA has 2 products commercially approved in the US and Canadian markets with an expectation of an increasing number of products commercialized in 2018-2019.

MAKINDUS INC, USA

Makindus is a specialty pharmaceutical development company focused on ophthalmology and rare diseases. Makindus' lead asset is MI-100, a novel ophthalmic formulation of a legacy compound being developed for Stargardt disease, a rare form of juvenile macular degeneration. The estimated prevalence in the U.S. and Europe is approximately 1 in 10,000 individuals. There is currently no cure or treatments.

Makindus has been granted orphan drug designation for MI-100 for the treatment of Stargardt Disease in both the United States and Europe. The Company will benefit from a number of incentives related to orphan drug designation including market exclusivity in the US for 7 years and 10 years in Europe.

No business has done in current year (16-H). Hence we have provided the 50% diminution in the value of investments. We will see the progress in next one or two years and take a call for future provisions.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

A report on CSR Activities as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed herewith as Annexure - 4. CSR Policy of the Company and other details as required is placed on the Company's website at http://vbshilpa.com/CSRPolicy.pdf.

NOMINATION AND REMUENRATION POLICY

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

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

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

As required under the provisions of Schedule IV of the Companies Act, 2013 the performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. In preparation of annual accounts for the financial year ended 31st March, 2017 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2017 and of the profit and loss of the Company for the year;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors had prepared the annual accounts on a 'going concern' basis;

v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure - 1.**

OTHER DISCLOSURES:

Board Meetings

During the year under review, 8 (Eight) Board Meetings were held during the year. For further details, please refer Corporate Governance Report which forms part of this Annual Report.

Committees of Board

Your company has the following committees namely:

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

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

Corporate Governance Report

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

Management Discussion and Analysis

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

Vigil Mechanism:

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

http://vbshilpa.com/pdf/Whistle_Blower_Policy.pdf

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

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure - 2.**

Particulars of Employees:

Statement of employees employed throughout the financial year and in receipt of remuneration of Rs. 1,02,00,000/- (Rupees One Crores Two Lakh) or more, or employed for part of the year and in receipt of Rs. 8,50,000/- (Rupees Eight Lakh Fifty Thousand) or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as **Annexure - 3** to the Board's report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

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

DEPOSITS

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding.

RELATED PARTY TRANSACTIONS:

Related Party Transactions entered during the financial year under review are disclosed in Note No. 43 of the Financial Statements. These transactions entered were at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. **Form AOC-2,** containing the note on the aforesaid related party transactions is enclosed herewith as **Annexure -6.**

Related Party Disclosure as per Schedule V of SEBI (LODR) Regulations, 2015 is enclosed herewith as **Annexure - 7.** The policy on materiality of Related Party Transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website http://vbshilpa.com/pdf/related_party_policy.pdf

BUSINESS RESPONSIBILITY REPORT:

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

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

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

GENERAL

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Annexure-1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 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:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	3a 7b Dihydroxy	304.2	41.27

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

S. No.	Name and Address of The company	CIN/GLN	Holding/Subsidiary/ Joint Ventures/Associate	% of shares held	Applicable Section
1.	Raichem Medicare Private Limited Plot No 24,25,26 & 26p, Raichur Industrial Growth Centre, Chicksugur Village, Karnataka- 584134.	U24232KA2009PTC049999	Joint Venture	Equity Shares 50.001% Preference Shares 100%	2(6)
2.	Shilpa Therapeutics Private Limited (Formerly known as Nu Therapeutics Private Limited) Plot No.118, Phase-III, IDA, Cherlapalli, Hyderabad, Telangana- 500051	U24239TG2004PTC043005	Subsidiary Company	Equity Shares 99.95% Preference Shares 100%	2(87) (ii)

(Contd.)

S. No.	Name and Address of The company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
3.	INM Technologies Private Limited # 4, T M Industrial Estate,12th KM, Mysore Road, Bangalore, Karnataka-560059	U73100KA2015PTC078494	Subsidiary Company	Equity Shares 75.00% Preference Shares 100%	2(87) (ii)
4.	Reva Medicare Private Limited #12-6-214/A1, Hyderabad Road, Raichur, Karnataka-585135	U24248KA2016PTC086047	Joint Venture	Equity Shares 50.001%	2(6)
5.	Zatortia Holdings Limited 70 Kennedy Ave., Papavassiliou Bldg, 4th Floor, 1076 Nicosia, Cyprus	Not Applicable	Wholly owned Subsidiary	100%	2(87) (ii)
6.	Makindus INC, USA 206 Avondale Drive, North Wales, Pennsylvania 19454	Not Applicable	Subsidiary Company	55.78%	2(87) (ii)
7.	Koanaa Healthcare Limited 4th Floor, Cavendish House, 369 Burnt Oak Broadway, Edgware, Middlesex, England HA8 5AW, UK	Not Applicable	Wholly owned Subsidiary	100%	2(87) (ii)
8.	Loba Feinchemie GmbH Fehrgasse 7, 2401-Fischamend, Austria.	Not Applicable	Step-Down Subsidiary	99.99%	2(87) (ii)
9.	Reva Pharmachem Private Limited #12-6-214/A1, Hyderabad Road, Raichur-584135.	U24232KA2009PTC051596	Associate Company	Equity Shares 33.33%	2(6)
10.	Maia Pharmaceuticals Inc, USA 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808.	Not Applicable	Joint Venture	34.792%	2(6)
11	Koanaa Healthcare GmbH Fehrgasse 7, 2401 Fischamend, Austria	Not Applicable	Wholly owned Subsidiary	100%	2(87) (ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	40902692	-	40902692	53.05	43864092	-	43864092	54.74	1.69
Sub-total (A)(1):-	**40902692**	**-**	**40902692**	**53.05**	**43864092**	**-**	**43864092**	**54.74**	**1.69**
(2) Foreign									
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**40902692**	**-**	**40902692**	**53.05**	**43864092**	**-**	**43864092**	**54.74**	**1.69**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	72949	-	72949	0.09	47391	-	47391	0.06	(0.03)
b) Banks / FI	11311	1500	12811	0.02	32073	1500	33573	0.04	0.02
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	11344911	-	11344911	14.72	14815287	-	14815287	18.49	3.77
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) - F.C.B	6000000	-	6000000	7.78	6000000	-	6000000	7.49	(0.30)
Sub-total (B)(1):-	**17429171**	**1500**	**17430671**	**22.61**	**20894751**	**1500**	**20896251**	**26.08**	**3.47**
2. Non-Institutions									
a) Bodies Corp.	4417786	4500	4422286	5.74	4386868	4500	4391368	5.48	(0.26)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1/2 lakh	6865610	794040	7659650	9.93	7735828	802040	8537868	10.66	0.73
ii) Individual shareholders holding nominal share capital in excess of Rs 1/2 lakh	3609924	-	3609924	4.68	-	-	-	-	(4.68)
c) NBFC registered with SEBI	181791	-	181791	0.24	87800	-	87800	0.11	(0.13)
d) Others									
- Directors	91662	93000	184662	0.24	159162	-	159162	0.20	(0.04)
- Trust	2500	-	2500	0.00	1750	-	1750	0.00	0.00
- F.C.B	2036899	37500	2074399	2.69	2071593	37500	2109093	2.63	(0.06)
- Non -resident Indians	387259	-	387259	0.50	-	-	-	-	(0.50)
- HUF	-	-	-	-	-	-	-	-	-
- Clearing members	246070	-	246070	0.32	74917	-	74917	0.09	(0.23)
Foreign Nationals	-	-	-	-	4603	-	4603	0.01	0.01
Sub-total (B)(2):-	**17839501**	**929040**	**18768541**	**24.34**	**14522521**	**844040**	**15366561**	**19.18**	**(5.17)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**135268672**	**930540**	**36199212**	**46.95**	**35417272**	**845540**	**36262812**	**45.26**	**(1.70)**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**76171364**	**930540**	**77101904**	**100.00**	**79281364**	**845540**	**80126904**	**100.00**	**-**

(ii) Shareholding of Promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Vishnukant C. Bhutada	8563102	11.11	0	8086012	10.09	1.33	(1.02)
2	Dharmavati Bhutada	4142766	5.37	0	6207796	7.75	0.00	2.38
3	Kamal Kishore Inani	3748828	4.86	0	4823828	6.02	0.00	1.16
4	Nathmal Inani	3089862	4.01	0	1173412	1.46	0.00	(2.55)
5	Manjulata Inani	2807546	3.64	0	2257546	2.82	0.00	(0.82)
6	Omprakash Inani	2314704	3.00	0	1072068	1.34	0.50	(1.66)
7	Kantadevi Inani	3839640	4.98	0	6455736	8.06	0.00	3.08
8	Brijgopal Inani	2174766	2.82	0	2174866	2.71	0.25	(0.11)
9	Keshav Bhutada	1430424	1.86	0	1042924	1.30	0.00	(0.56)
10	Ravi Kumar Inani	1631370	2.12	0	1106370	1.38	0.00	(0.74)
11	Vishnukant C Bhutada (HUF)	1336130	1.73	0	1336130	1.67	0.00	(0.06)
12	Shakuntalabai Inani	1412736	1.83	0	3329186	4.15	0.00	2.32
13	Madhav Bhutada	849174	1.10	0	1236674	1.54	0.00	0.44
14	Ramakant Inani	1047878	1.36	0	1047778	1.31	0.55	(0.05)
15	Deepak Kumar Inani	1758960	2.28	0	1733960	2.16	0.30	(0.12)
16	Triveni Inani	269810	0.35	0	294810	0.37	0.00	0.02
17	Vishnukanta Inani	212498	0.28	0	212498	0.27	0.00	(0.01)
18	Taradevi Inani	249998	0.32	0	249998	0.31	0.00	(0.01)
19	Namrata Bhutada	22500	0.03	0	22500	0.03	0.00	(0.00)
		40902692	**53.05**	**0**	**43864092**	**54.74**	**2.93**	**1.69**

(iii) Change in Promoter Shareholdings.

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	VISHNUKANT C BHUTADA				
	At the beginning of the year	8563102	11.11		
	Acquisition/Transfer by way of gift			1206540	1.56
	Acquisition/Transfer by way of gift			50000	0.06
	Acquisition/Transfer by way of gift			381400	0.49
	Sale/Transfer by way of gift			(2115050)	(2.63)
	At the end of the year			8086012	10.09
2	DHARMAVATI BHUTADA				
	At the beginning of the year	4142766	5.37		
	Acquisition/Transfer by way of gift			2065030	2.57
	At the end of the year			6207796	7.75
3	KAMAL KISHORE INANI				
	At the beginning of the year	3748828	4.86		
	Acquisition/Transfer by way of gift			1075000	1.34
	At the end of the year			4823828	6.02
4	NATHMAL INANI				
	At the beginning of the year	3089862	4.01		
	Sale/Transfer by way of gift			(1916450)	(2.39)
	At the end of the year			1173412	1.46

(Contd.)

Change in Promoter Shareholdings (Contd.)

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	MANJULATA INANI				
	At the beginning of the year	2807546	3.64		
	Sale/Transfer by way of gift			(550000)	(0.69)
	At the end of the year			2257546	2.82
6	OMPRAKASH INANI				
	At the beginning of the year	2314704	3.00		
	Sale/Transfer by way of gift			(1242636)	(1.55)
	At the end of the year			1072068	1.34
7	KANTADEVI INANI				
	At the beginning of the year	3839640	4.98		
	Acquisition/Transfer by way of gift			1373460	1.78
	Acquisition/Transfer by way of gift			1387636	1.55
	Sale /Transfer by way of gift			(145000)	(0.18)
	At the end of the year			6455736	8.06
8	BRIJGOPAL INANI				
	At the beginning of the year	2174766	2.82		
	Sale /Transfer by way of gift			(100)	(0.00)
	At the end of the year			2174866	2.71
9	KESHAV BHUTADA				
	At the beginning of the year	1430424	1.86		
	Sale/Transfer by way of gift			(387500)	(0.48)
	At the end of the year			1042924	1.30
10	RAVI KUMAR INANI				
	At the beginning of the year	1631370	2.12		
	Sale/Transfer by way of gift			(525000)	(0.66)
	At the end of the year			1106370	1.38
11	VISHNUKANT C BHUTADA (HUF)				
	At the beginning of the year	1336130	1.73		
	At the end of the year			1336130	1.67
12	SHAKUNTALABAI INANI				
	At the beginning of the year	1412736	1.83		
	Acquisition/Transfer by way of gift			1916450	2.39
	At the end of the year			3329186	4.15
13	MADHAV BHUTADA				
	At the beginning of the year	849174	1.10		
	Acquisition/Transfer by way of gift			387500	0.48
	At the end of the year			1236674	1.54
14	RAMAKANT INANI				
	At the beginning of the year	1047878	1.36		
	Acquisition/Transfer by way of gift			100	0.00
	At the end of the year			1047778	1.31
15	DEEPAK KUMAR INANI				
	At the beginning of the year	1758960	2.28		
	Sale/Transfer by way of gift			(25000)	(0.03)
	At the end of the year			1733960	2.16
16	TRIVENI INANI				
	At the beginning of the year	269810	0.35		
	Acquisition/Transfer by way of gift			25000	0.03
	At the end of the year			294810	0.37

(Contd.)

Change in Promoter Shareholdings (Contd.)

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
17	VISHNUKANTA INANI At the beginning of the year At the end of the year	212498	0.28	212498	0.27
18	TARADEVI INANI At the beginning of the year At the end of the year	249998	0.32	249998	0.31
19	NAMRATA BHUTADA At the beginning of the year At the end of the year	22500	0.03	22500	0.03

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31.03.2017.

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	TANO MAURITIUS INDIA FVCI II At the beginning of the year At the end of the year	7179506	9.31	7179506	8.96
2	BARING INDIA PRIVATE EQUITY FUND III LIMITED At the beginning of the year At the end of the year	6000000	7.78	6000000	7.49
3	PIVOTAL SECURITIES PVT LTD At the beginning of the year At the end of the year	3225000	4.18	3225000	4.02
4	TA FII INVESTORS LIMITED At the beginning of the year At the end of the year	--	--	3025000	3.78
5	BARCLAYS MERCHANT BANK (SINGAPORE) LTD. At the beginning of the year At the end of the year	--	--	1613450	2.01
6	AMAL N PARIKH At the beginning of the year At the end of the year	1540000	2.00	1540000	1.92
7	MOUSSEGANESH LIMITED At the beginning of the year At the end of the year	--	--	1157921	1.45
8	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED At the beginning of the year At the end of the year	1107424	1.44	1107424	1.38

Shareholding Pattern of top ten Shareholders (Contd.)

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	CLSA GLOBAL MARKETS PTE. LTD.				
	At the beginning of the year	2573278	3.34		
	At the end of the year			959828	1.20
10	HYPNOS FUND LIMITED -				
	At the beginning of the year	-	-	-	-
	At the end of the year			400000	0.50

(v) Shareholding of Directors and Key Managerial Personnel:

S.No	Name of the director/ key managerial personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	VISHNUKANT C. BHUTADA				
	At the beginning of the year	8563102	11.11		
	Acquisition/Transfer by way of gift			1206540	1.56
	Acquisition/Transfer by way of gift			381400	0.49
	Acquisition/Transfer by way of gift			50000	0.06
	Sale/Transfer by way of gift			(2115050)	(2.63)
	At the end of the year			8086012	10.09
2	OMPRAKASH INANI				
	At the beginning of the year	2314704	3.00		
	Sale/Transfer by way of gift			(1242636)	(1.55)
	At the end of the year			1072068	1.34
3	NAMRATA BHUTADA				
	At the beginning of the year	22500	0.03		
	At the end of the year			22500	0.03
4	NARINDER PAL SHINH				
	At the beginning of the year	14192	0.02		
	At the end of the year			14192	0.02
5	CARLTON FELIX PEREIRA				
	At the beginning of the year	1470	0.00		
	At the end of the year			1470	0.00
6	PRAMOD KASAT				
	At the beginning of the year	143500	0.19		
	Sale during the year			(50500)	(0.07)
	At the end of the year			93000	0.11
7	RAJENDER SUNKI REDDY				
	At the beginning of the year	25500	0.03		
	At the end of the year			25500	0.03
8	MADHUSUDHAN REDDY#				
	At the beginning of the year	--	--		
	At the end of the year			10	0.00

#Appointed as Company Secretary from 26th December, 2016

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(Rs.in Lacs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8617.64	-	-	8617.64
ii) Interest due but not paid	Nil	-	-	Nil
iii) Interest accrued but not due	0.67	-	-	0.67
Total (i+ii+iii)	**8618.31**	**-**	**-**	**8618.31**
Change in Indebtedness during the financial year				
• Addition	16570.53	-	-	16570.53
• Reduction	1658.27	-	-	1658.27
Net Change	**14912.26**			**14912.26**
Indebtedness at the end of the financial year				
i) Principal Amount	23529.89	-	-	23529.89
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	63.24	-	-	63.24
Total (i+ii+iii)	**23593.13**	**-**	**-**	**23593.13**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **(Rs.in Lacs)**

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

B. Remuneration to other Directors: **(Rs.in Lacs)**

S.No	Particulars of Remuneration	Name of Directors	Total Amount
1.	**Independent Directors**		
	• Fee for attending board meetings	1. Venugopal Loya	0.40
		2. Carlton Pereira	0.40
		3. N.P.S.Shinh	0.30
		4. Ajeet Karan Singh	0.40
		5. Pramod Kasat	0.30
		6. Rajender Sunki Reddy	0.30
	Total (1)		**2.10**
2.	**Other Non-Executive Directors**		
	• Fee for attending board meetings	1. Omprakash Inani	0.40
		2. Namrata Bhutada	0.40
		3. Naresh Patwari	-
	Total (2)		**0.80**
	Total (B)=(1+2)		**2.90**
	Total Managerial Remuneration		**-**
	Overall Ceiling as per the Act	**With in the Ceiling Limits as prescribed under the Act**	

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD **(Rs.in Lacs)**

S. No.	Particulars of Remuneration	CFO		CS		Total Amount
		N C Bhandari (till 26th August, 2017)	Rajendra Dugar (from 25th November, 2017)	Sujani Vasireddy (till 31st August, 2017)	Madhusudhan Reddy (from 26th December, 2017)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961. (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	7.76	12.70	0.60	1.49	22.55
2.	Stock Option	--	--	--	--	
3.	Sweat Equity	--	--	--	--	
4.	Commission - as % of profit - others, specify					
5.	Others, please specify					
	Total (A)	**7.76**	**12.70**	**0.60**	**1.49**	**22.55**

VII. PENALTIES/PUNISHMEN/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Annexure-2

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

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17.

ii) ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S. No.	Name of Director/KMP and Designation	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	The Percentage increase in remuneration of each Director, CFO, CS, CEO in the financial year	The percentage increase in the median remuneration of employees in the financial year	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Vishnukant C. Bhutada	218	19.42	15	12.67
2.	Rajendra Dugar*	9	-	-	12.67
3	Madhusudhan Reddy#	1.37	-	-	12.67

*Mr. Rajendra Dugar, CFO appointed w.e.f. 25.11.2016.
#Madhusudhan Reddy, CS appointed w.e.f. 26.12.2016.

iii) The median remuneration of employees of the Company during the financial year was Rs. 3.68 lakhs.

iv) In the financial year, there was an increase of 15% in the median remuneration of employees;

v) There were 1370 permanent employees on the rolls of Company as on March 31, 2017;

vi) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 is 15% whereas the increase in the managerial remuneration for the same financial year is 19.42%.

vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Annexure-3

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

S. No	Employee Name	Designation & Nature of Employment	Educational Qualification	Age	Experience	Date of Joining	Gross Remuneration Paid (Rs. In Lacs)	Previous Employment and Designation, If any	No. Shares held, If any	Remarks
1	Vishnukant C Bhutada	Managing Director (On contractual)	B.Pharma	53 years	29 years	Nov - 1987	805.49	–	8086012	Related to other Promoter Directors
2	V.K Shrawat	Chief Operating Officer (As per appointment)	M.Sc, Ph.D (Organic Chemistry)	57 years	31 years	Sep–2009	137.84	Fresemious Kabi Oncology Ltd (Formerly Dabur India Head) Head R&D & API operation – 20 years.	33376	Not related to any Director/ KMP
3	Janak Kastia	GM-Mktg, Business Development (USA & Global Generic Cos)	M.Sc (Organic Chemistry) MBA Marketing	55 years	30 years	April - 2010	112.65	Cadila Health Care Ltd. – GM API Division (Europe & Latin America) – 24 Years.	NIL	Not related to any Director/ KMP
4	Prashant Purohit	Vice President R&D	M.Sc.,DBM	62 years	39 years	Oct - 1995	75.03	Indoco Remedies Ltd, Chemical Operations Manager	30000	Not related to any Director/ KMP
5	Pradeep Shivkumar	Deputy General Manager-Formulation & Production R & D	M.Pharma	40 years	14 years	Aug-2011	52.08	Strides Acrolab Limited	Nil	Not related to any Director/ KMP
6	Sharath Reddy	Vice President-Technical	M.Pharma	50 years	27 years	June - 1991	68.29	–	27040	Not related to any Director/ KMP
7	Seshachalam Unnam	Vice President	M.Sc., Ph.D	51 years	22 years	Jan - 2008	65.94	Matrix Labs, Hyderbad, AGM-QA	700	Not related to any Director/ KMP
8	Sunil Subhash Karpe	Asst Vice President-Project & Production	B.Pharma	41 years	21 years	April-2011	64.27	Hetero Pharma, SEZ Jadcherla-Sr. Prod Manager	267	Not related to any Director/ KMP
9	Rajkumar Somani	Vice President	Chartered Accountant	50 years	25 years	Oct-2008	59.78	Khandelwal Laboratories Pvt Ltd- Vice President-Operations	Nil	Not related to any Director/ KMP
10	K. Papa Rao	General Manager-Quality	MSc (Chemistry)	44 years	21 years	Dec-2001	56.04	M/S.Avon Organics Limited Sr. Chemist	Nil	Not related to any Director/ KMP

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Annexure-4

REPORT ON CSR ACTIVITIES

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

(a) Setting up of old age/ orphans home and such other facilities;

(b) To motivate the students of rural area by providing scholarships;

(c) To provide purified drinking water to people living in the villages and areas surrounding its manufacturing facilities;

(d) To develop villages nearby the Company's plants by providing funds to have minimum infrastructure facilities like roads, water supply etc;

(e) To provide plants and develop agroforestry in consultation with local NGO's/bodies to ensure ecological balance

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

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

3. **Average Net Profits: Rs.12281.46 Lacs**

4. **Prescribed CSR Expenditure: 2% of Average Profits i.e. Rs. 245.63 Lacs**

5. **Details of CSR amount spent during the financial year:**

a) Total amount spent for the financial year 2016-17: Rs.0.70 Lacs

b) Amount unspent: Rs. 244.93 Lacs

Purposes for which the amount was spent on CSR during the financial year is detailed below: (Rs. In Lakhs)

Sl. No.	CSR project or activity dentified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programswise	Amount spent on the projects or programs sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reportingperiod	Amount spent: Direct or through Implementing Agency
1	Plantation of Trees	Protection of Flora and Fauna	Plantation of trees in the city of Raichur	0.70	0.70	0.70	Direct
2	The un-spent amount of Rs. 244.93 Lacs has been transferred to the Shilpa Foundation, a trust formed by the Company specifically for the purpose of taking up CSR activities.						

6. Based on the various expenditure prescribed in schedule -VII of Companies Act -2013 the CSR Committee proposed to take-up certain activities and earmarked the amount. As the amount earmarked is not sufficient to kick start the projects, the Committee and the Board of Directors, have set-aside the amount has been transferred to the Shilpa Foundation, a trust formed by the Company specifically for the purpose of taking up CSR activites.

7. Responsibility Statement: The Committee reports that implementation and monitoring CSR Policy, is in compliance with CSR objective and Policy of the Company.

For and on behalf of the Board of Directors

Sd/-	Sd/-
Vishnukant C Bhutada	**Rajender Sunki Reddy**
Member	Chairman
DIN: 01301385	DIN: 02284057

Place: Raichur
Date: 10.08.2017

Annexure -5

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

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

Particulars	Subsidiary	Subsidiary	Subsidiary	Wholly Owned Subsidiary	Step-down Subsidiary	Subsidiary	Subsidiary
Name of the Companies	**Shilpa Therapeutics Private Limited**	**INM Technologies Private Limited**	**Koanaa Healthcare Limited**	**Zatortia Holding Limited**	**Loba Feinchemie GmbH**	**Makindus INC**	**Koanaa Healthcare GMBH**
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-17	31-03-17	31-03-17	31-03-17	31-03-17	31-03-17	31-03-17
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR (Refer note below 1 & 2	INR (Refer note below 3 & 4)	INR (Refer note below 3 & 4)	INR (Refer note below 5 & 6)	INR (Refer note below 3 & 4
Share capital (Equity & Preference)	223.76	2450.02	0.09	2.37	496.11	2.20	69.25
Reserves & surplus	137.62	(806.50)	(426.47)	2288.55	849.39	(304.48)	(531.51)
Total assets	1404.12	1777.44	107.16	2297.21	3420.08	17.66	792.28
Total Liabilities (Excluding Share Capital & Reserves & Surplus)	1042.74	133.91	533.55	6.29	2074.58	319.94	1254.54
Investments	-	-	-	2296.61	25.22	-	-
Turnover	366.04	-	-	-	4387.21	-	-
Profit/(Loss) before taxation	(164.71)	(689.74)	(35.65)	(3.54)	297.19	(179.52)	(635.50)
Provision for taxation	(15.21)	65.55	-	-	46.74	-	0.37
Profit after taxation	(149.50)	(755.29)	(35.65)	(3.54)	250.45	(179.52)	(635.86)
Proposed Dividend	-	-	-	-	-	-	-
% of shareholding	99.95%	75%	100%	100%	99.99%	55.78%	100%

1. Conversion rate 1 GBP = 80.88 for Balance Sheet & Profit & Loss A/c 1 GBP = 90.20.
2. Standalone Financial Statements are prepared in GBP.
3. Conversion rate 1 Euro = 69.25 for Balance Sheet & Profit & Loss a/c 1 Euro = 73.88
4. Standalone Financial Statements are prepared in Euro.
5. Conversion Rate 1$ = 64.83 for Balance Sheet & Profit & Loss A/c 1$ = 66.55
6. Standalone Financials Statements are prepared in USD.

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Part "B": Associates and Joint Ventures

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

(Rs.In Lacs)

Name of Associates/Joint Ventures	Raichem Medicare Private Limited (JV) (Audited)	Maia Pharmaceuticals INC (JV) (Un-audited)	Reva Medicare Private Limited (JV) (Audited)	Reva Pharmachem Private Limited (Associates) (Audited)
1. Latest Balance Sheet Date	31.03.2017	31.03.2017	31.03.2017	31.03.2017
2. Shares of Associate/Joint Ventures held by the company on the year end				
No.	1741509	1400000	5001	100000
Amount of Investment in Associates/Joint Venture	1402.13	Rs.928.66	Rs.0.50	Rs.10
Extent of Holding %	50.001	34.79	50.001	33.33
3. Description of how there is significant influence	Jointly Controlled Entity	Jointly Controlled Entity	Joint Controlled Entity	There is significant influence due to Shareholding.
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA
5. Net worth attributable to shareholding as per latest Balance Sheet	457.57	Rs.419.98	Rs.31.19	(71.72)
6. Profit/Loss for the year				
i. Considered in Consolidation	(766.34)	223.17	30.81	(1.25)
ii. Not Considered in Consolidation	-	-	-	-

Notes:

@.Loss of Joint Venture and Associates has been restricted to the extent of Investment as per AS-23 read with Para-18.

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Annexure-6

FORM NO. AOC -2

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

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

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

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2017, which were not at arm's length basis.

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

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

Nature of contract & Name of the related party	Nature of relationship	Duration of Contracts	Salient Terms	Amount (Rs. in Lakhs)	
Sale/Purchases				Sales	Purchase
Maia Pharmaceuticals Inc, USA	Joint Venture	Not applicable	Not applicable	2.48	-
Raichem Medicare Pvt Ltd	Joint Venture	Not applicable	Not applicable	2644.95	4001.70
Reva Pharmachem Pvt Ltd	Associated	Not applicable	Not applicable	14.19	-
Koanaa Healthcare GmbH Austria	Wholly Owned Subsidiary	Not applicable	Not applicable	485.52	-
INM Technologies Pvt Ltd	Subsidiary	Not applicable	Not applicable	-	20.33
Shilpa- Therapeutics Pvt. Ltd.	Subsidiary	Not applicable	Not applicable	-	6.22
Loba Feinchemie GmbH	Step Down Subsidiary	Not applicable	Not applicable	1.04	-
Rent Paid					
Mohini Infra Pvt. Ltd.	Enterprise having common Directors	Not applicable	As per the agreement	26.30	
Keshav Bhutada	Relative			0.90	
Madhav Bhutada	Relative			0.90	
Commission Paid					
Reva Pharmachem Pvt. Ltd.	Associate Company	As per the sale Agreement	As per the sale Agreement	13.08	
Remuneration Paid					
Deepak Kumar Inani	Relative	As per the terms of appointment	As per the terms of appointment	23.72	
Keshav Bhutada				5.38	
Madhav Bhutada				5.38	
Interest Received					
1. Raichem Medicare Private Ltd.	Joint Venture	Ongoing	Not applicable	236.80	
2. Shilpa Therapeutics Private Ltd.	Subsidiary	Ongoing	Not applicable	69.49	
3. Reva Pharmachem Pvt. Ltd.	Associate	Ongoing	Not applicable	20.15	
4. Koanaa Healthcare Ltd UK	Wholly owned Subsidiary	Ongoing	Not applicable	0.60	
5. Koanaa Healthcare GmbH Austria	Wholly owned Subsidiary	Ongoing	Not applicable -	2.74	
Corporate Guarantee					
Raichem Medicare Private Limited	Joint Venture	03-06-2015 - ongoing	As per the terms and conditions of the Bank.	*10483.86	
Shilpa Therapeutics Pvt. Ltd.	Subsidiary			200.00	

* Outstanding loan as at 31st March, 2017: Rs. 7501.14 Lakhs

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

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date : 10.08.2017

Annexure-7

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

(Rs. In Lakhs)

In the accounts of	Particulars	As on 31st March, 2017		
		Loans/ Advances	Investment	
			Equity	Preference
Shilpa Medicare Limited (Holding Company)	Raichem Medicare Private Limited	1271.58	1402.13	1850.00
	Shilpa Therapeutics Private Limited (Formerly Known as Nu Therapeutics Private Limited)	898.18	1030.49	40.00
	INM Technologies Private Limited		112.50	2300.02
	Reva Medicare Private Limited		0.50	
	Zatortia Holdings Limited	1.04	2028.91	
	Loba Feinchemie GmbH (Step down Subsidiary)	-	-	-
	Makindus Inc.	-	454.20	-
	Koanaa Healthcare Limited	518.23	0.10	-
	Reva Pharmachem Pvt.Ltd.	175.35	10.00	-
	Koanaa Healthcare GmbH Austria (Including Share Application Money)	348.99	152.84	-
	Maia Pharmaceuticals Inc.	-	928.68	-

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Annexure-8

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

(A) Conservation of Energy-

(i)	the steps taken or impact on conservation of energy:	The company has made conscious efforts in conserving the natural resources , by Using the renewable energy fuels .
(ii)	the steps taken by the company for utilizing alternate sources of energy;	The Company is using renewable energy fuel - Rice husk & Biomass fuels, in all it's units, for it's steam requirements. At one of the units This project was registered under the Clean Development Mechanism (CDM) with UNFCC under KYOTO Protocol. The company is improving it's efficiencies of it's Processes by investing in the latest technologies 1) Oil free Refrigeration technology for improving the chiller efficiency by 20%. 2) Adopting the Mechanical vapour compression system for evaporation in effluent treatment plant.
(iii)	the capital investment on energy conservation equipment's;	Rs.461.50 lacs

(B) Technology absorption-

(i) the efforts made towards technology absorption;

The Company is investing in developing the green chemistry for it's existing processes by developing the Continuous flow reaction processes to conserve the resources like raw materials, energy & Reduction of the waste generation.

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

The company has abosorbed energy conservation & waste reduction technology for Manufacture of Tranexamic acid by adopting the Bipolar technology for removal of sodium hydroxide and product in water, thereby conserving the precious water resource and conserving the energy otherwise would have been used for evaporation of water & in the same process Heat pump evaporation process is adopted to conserve thermal energy, thereby saving the precious Resources.

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

(a)	the details of technology imported	The Company did not import any technology.
(b)	the year of import	
(c)	whether the technology been fully absorbed	
(d)	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	

(iv) the expenditure incurred on Research and Development - 4106.45 Lacs

(C) Foreign exchange earnings and Outgo-

The details of foreign exchange earned in terms of actual inflows and outflows during the year are detailed in the Note No. 44(i)(ii) to the financial statements.

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 10.08.2017

Annexure-9

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

For The Financial Year Ended 31st March, 2017

To,
The Members,
Shilpa Medicare Limited
Raichur.

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

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

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2017 according to the provisions of:
   (i) The Companies Act, 2013 (hereinafter called as the Act) (to the extent applicable) and the Rules made under that Act;
   (ii) The Companies Act, 1956, and the Rules made under that Act (To the extent Applicable);
   (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
   (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
   (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
   (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
      a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
      b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
      c) Securities and Exchange Board of India (Depositories and Participants) regulations, 1996;
      d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
      e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
2. Provisions of the following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company in the financial year under report:-
   a) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   b) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
3. The industry specific laws that are applicable to the Company are as follows:
   (a) Drugs and Cosmetics Act, 1940;
   (b) Drugs Price Control Order, 2013 and notifications made thereunder;
   (c) Electricity Act, 2003;
   (d) Indian Boilers Act, 1923.
   (e) SEZ Act, 2005

We have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards SS-1 and SS-2 with respect to meetings of the board of directors and general meetings respectively issued and notified by The Institute of Company Secretaries of India which came into force w.e.f. 1stJuly, 2015 under the provisions of section 118(10) of the Act.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following Observation that:

(i) The Company has transferred the CSR (as per section 135 of the Act) unspent amount of Rs.244.93 Lakhs for the year 2016-17, to Shilpa Foundation a Trust formed by the Company specifically for CSR activities and the Trust is yet to spend the said amount.

We further report that

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

During the period under review Mr. Narinder Pal Shinh, Mr. Carlton Felix Perreira, Mr. Ajeet Karan Singh Karan, Mr. Pramod Kasat, Mr.Venugopal Loya and Mr. Rajender Sunki Reddy, all being Independent Directors, retired at the 29th Annual General Meeting (AGM) and have been reappointed as Independent Directors at the said AGM for second term as per the provisions of section 149 of the Act by passing special resolutions.

Further, Mr. Venugopal Loya has resigned as director w.e.f. 14-02-2017. Mr. Naresh Patwari, a Nominee of TA FII Investors Limited, has been co-opted as an Additional Director w.e.f. 26th December, 2016.

During the year under review Ms. Sujani Vassireddi Company Secretary has resigned w.e.f. 31-08-2016 and Mr. Madhusudhan Reddy has been appointed as the Company Secretary and also designated as Compliance Officer of the Company w.e.f. 26-12-2016. Further, Mr. N.C. Bhandari has resigned w.e.f. 26-08-2017 and Mr. Rajender Dugar, Chartered Accountant has been appointed as Chief Financial Officer (CFO) w.e.f. 25-11-2016.

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

As a general practice of the Board decisions are taken on unanimous consent.

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

We further report that during the year under review an Extra-Ordinary General Meeting was held on 26th December, 2016 and passed a special resolution U/s.42 and 62 of the Act. Accordingly;

- 30,25,000 equity shares of Rs.1/- each were issued and allotted to TA FII Investors Limited on preferential basis at a price of Rs.570/- per share.

We further report that during the under review an Wholly Owned Subsidiary Company namely Koanaa Healthcare GmbH has been formed in Austria.

For P.S. Rao & Associates
Company Secretaries
Sd/-
D.S.RAO
Company Secretary
ACS No: 12394
C P No: 14487

Place : Hyderabad
Date : 10-08-2017

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

'Annexure A'

To,
The Members,
Shilpa Medicare Limited
Raichur

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P.S. Rao & Associates
Company Secretaries
Sd/-
D.S.RAO
Company Secretary
ACS No: 12394
C P No: 14487

Place : Hyderabad
Date : 10-08-2017

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L85110KA1987PLC008739
2	Name of the Company	Shilpa Medicare Limited
3	Registered address	#12-6-214/A1, Hyderabad Road, Raichur - 584 135, Karnataka, India
4	Website	www.vbshilpa.com
5	E-mail id	cs@vbshilpa.com
6	Financial Year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceutical: NIC Code 21001
8	List three key products/services that the Company manufactures/provides.	The following 3 key Products are Manufactured: 1) Active Pharmaceutical Ingredients. 2) Pharmaceutical Formulations. 3) Product development services.
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	Shilpa Medicare Limited **Unit I :** Plot Nos 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area,Deosugur- 584170, Raichur. **Unit -II :** 100% EOU and Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur. **R & D Unit- Raichur :** Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur **SEZ Unit :** Plot No. S-20 to S-26, pharma SEZ TSIIC Green Industrial Park,Pollepally village, JadcherlaMandal, Dist - Mahaboobnagar - 509301, Telangana. **R & D Unit-Vizag :** Survey No:207,Modavalasa Village, DenkadaMandalam, Dist: Vijayanagaram -531162 AP.
10	Markets served by the Company - Local/State/ National/International	All over India & International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	Rs. 801.27 lakhs
2	Total Turnover	Rs. 73,764.89 lakhs
3	Total profit after taxes	Rs. 12,659.05 lakhs
4	Total spending on Corporate Social Responsibility	
	(CSR) as percentage of profit after tax (%)	2%
5	List of activities in which expenditure in 4 above has been incurred:-	The Company has spent on Drinking Water Project and Plantation of Trees. The un-spent Amount has been transferred to Shilpa Foundation a trust formed and maintained by the Company specifically for taking up CSR activities. The same would be spent as per CSR policy and as decided by CSR committee from time to time.

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

1. DIN Number : 01243391
2. Name : Mr. Vishnukanth C Bhutada
3. Designation : Managing Director

(b) Details of the BR head -

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

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

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

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

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Sl.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	√	√	√	√	√	√	√	√	√
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

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

3-6 months

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

As the report is applicable to Shilpa Medicare Limited, for the first time for the year ended 31st March, 2017, the report is published on annual basis and can be viewed on the website of the Company i.e www.vbshilpa.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

No

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

Yes

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

100 (Hundred) complaints were received from the shareholders and all of them were resolved satisfactorily.

Principle 2

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

The Process are designed to have minimum foot print on the environment by the following Concern & Risk: emissions

1) Our 100% requirement of the steam energy requirement is met by using renewable energy fuel Rice husk, thereby reducing greenhouse emissions & the project is registered with UNFCC Under Kyoto protocol under clean development Mechanism & is earning the carbon Credits, By incorporating all the pollution control Measures.

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

2) All the solvents used wherever applicable are Recovered & Reused.

3) About 80% of the wastes are recycled by identifying & supplying to the other industries who uses them as fuel.

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

Opportunities

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

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

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

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

The Following are achieved during the Production.

1) Energy: 5% reduction over the 15-16.

2) Water: 4% reduction in water.

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

Not Applicable

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

Yes, The Company insists the business partners all the key Raw materials & Bulk Material vendors to conduct their business in sustainable manner by following the environmental friendly practices & sustainable management systems like business ethics.

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

Sustainable Transportation sourcing:

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

In our efforts the Company has routed all its imports through it's nearest port Chennai instead of Mumbai. The Company is also sourcing the raw materials from the nearest places like Kurnool which is 100 KM from the Plant to bring down the transportation time.

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

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

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

80% are sourced sustainably.

The Company Quality system insists to conduct & the Company is conducting the audits for all the Key Raw material vendors & bulk Raw materials vendors & major service Vendors to confirm the sustainable practices are followed & approves them as a source for the supply, the system will allow purchasing the materials / services from the approved vendors only.

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

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

The Mechanical Maintenance services are being sourced from local vendors.

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

The afforestation & gardening services are out sourced locally.

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

The Collecting agents have been trained to collect the husk with minimum stones & soil Contamination, the collecting agents have been long term supply contracts have been executed, so that this gives sustainable income for them.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

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

- About 40% of the water used in the units & 93 % effluent water is recycled by treating in house.
- 90% of the solvents are recovered & reused.
- About 30% of the solid wastes are recycles by upcycling & given to other industries for usage.
- The Company is exploring the possibility of it's solid wastes to be used as fuel for nearby cement industries by entering into the agreement with them.

Principle 3

1. Please indicate the total number of employees.

The Company has 1796 Employees (including contract employees) as on March 31, 2017 in the parent Company.

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

The Company has over 426 Contractual employees as on March 31, 2017.

3. Please indicate the number of permanent women employees.

Company has one women employee as on March 31, 2017.

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

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

Yes.

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

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

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

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

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

(a) Permanent Employees: 95%

(b) Permanent Women Employees:100%

(c) Casual/Temporary/Contractual Employees:100%

(d) Employees with Disabilities: NA

Principle 4

1. **Has the Company mapped its internal and external stakeholders?**

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

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

   The Company did not find disadvantaged, vulnerable & marginalized stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. No**

   Not applicable

Principle 5

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

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

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

   100 (Hundred) complaints were received from the shareholders and all of them were resolved satisfactorily.

Principle 6

The Company policy is to have minimum foot print on Environment

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

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

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

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

   The Company in it's commitment to Protect the environment is using Renewable Biomass fired boilers in all it's units.

   Further the Company is consuming electrical energy generated from it's wind mills thereby the Company is having minimum footprint on environment.

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

   Yes.

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

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

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

   The Company has Invested in Wind mills to meet part of it's all the electrical energy requirements & part of wheeling arrangement done with the electricity Board.

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

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

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil.

Principle 7

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

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

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

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

Principle 8.

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

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

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

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

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

   No

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

   In the FY 2016-17, the Company has transferred Rs.244.93 Lakhs, to Shilpa Foundation for undertaking CSR activities.

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

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

Principle 9.

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

   NIL

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

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

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

   No.

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

   We did not do any survey, however in our business model, our customers evaluate our quality system by auditing our facilities periodically apart the product quality evaluation at their end.

   In the pharmaceutical sector the customer approves us as qualified vendor after thorough auditing of our facilities & apart from the Govt. Agencies Like USFDA & all other countries agencies will audit our facilities periodically to confirm our compliance to the quality systems.

MANAGEMENT DISCUSSION AND ANALYSIS

PHARMA INDUSTRY

The Indian pharma industry, which is expected to grow by over 15% per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5% in the same period. The market is expected to grow to USD 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size.

India has maintained its lead over China in pharmaceutical exports with a year-on-year growth of 11.44% to USD 12.91 billion in 2015-16, according to data from the Ministry of Commerce and Industry. In addition, Indian pharmaceutical exports are estimated to have grown between 8-10% in 2016-17. Imports of pharmaceutical products rose marginally by 0.80% year-on-year to USD 1,641.15 million.

Overall drug approvals given by the US Food and Drug Administration (US FDA) to Indian companies had nearly doubled to 201 in 2015-16 from 109 in 2014-15. The country accounts for around 30% (by volume) and about 10% (by value) in the USD 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30% a year and reach USD 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62% of the total revenues at USD 1.89 billion.

Outlook: Indian pharmaceuticals manufacturing facilities registered with US FDA is highest for any country outside USA. The Government of India has unveiled 'Pharma Vision 2020' aiming at making India a global leader in end-to-end drug manufacturing. India is also fast emerging as a preferred pharmaceuticals manufacturing location. Several large selling drugs going off patent over next few years and increasing use of pharmaceutical generics in developed markets to reduce healthcare cost will provide attractive growth opportunities to generics manufacturers and thus Indian pharmaceutical industry is poised for an accelerated growth in the coming years.

The Union Budget 2016-17 announced certain big changes connected to the healthcare sector. Out of nine pillars of the Union Budget, one was social healthcare. The Government announced setting up of new drug stores across the country to handle shortage of drugs, especially in rural areas under the Jan AushadiYojna to provide generic drugs ataffordable rates. A health insurance cover of up to one lakh per family is also provided. With the launch of the National Dialysis Programme to deal with high costs involved in healthcare as part of the Programme, every district hospital will have facilities of dialysis.The Health Protection Scheme of Rs.1 lakh to cover unforeseen illness for poor families with addition of Rs.30,000/- for senior citizens, was a welcoming step in spending on social sectors with focus on healthcare and the government's promise to provide health insurance to the under-privileged class through the new Health Protection Scheme is welcome. All these would act as a catalyst for investment in the healthcare sector and help in improving affordability and accessibility of quality healthcare in India, which in turn will help growth of your Company.

Risks and Concerns : Threats from other low cost countries like China and Israel exist. However, on the quality front, India is better placed relative to China. So, differentiation in the contract manufacturing side may wane. Presence of more unorganised players who cut-out the prices, resulting in an increasingly competitive environment.

Competing pharmaceutical companies may have several similar bio-equivalent products in the same market manufactured at facilities that have been approved by the highest regulatory authorities. All of them stay focused on the same markets resulting in price elasticity being tested and margins eroding.

Financial Performance and Operations Review: During the financial year under report, the Company reported gross revenues of Rs. 737.64 Crores as against Rs.681.36 Crores and a Net Profit of Rs. 124.76 Crores as against Rs.113.05 Crores registering growth of 8.27% and 10.36% respectively as against in the previous year.Regular monitoring on the financial system and timely decisions have been resulting into saving of interest costs. The Company has been implementing comprehensive measures at all its manufacturing sites to ensure quality and regulatory compliances.

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

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

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

CORPORATE GOVERNANCE REPORT

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

The Company's shares were listed on BSE Limited w.e.f. 19.06.1995 and National Stock Exchange of India Limited w.e.f. 03.12.2009.

The Corporate Governance Report has been prepared in accordance with Regulation 34(3) of SEBI (LODR) Regulations, 2015.

1. CORPORATE GOVERNANCE PHILOSOPHY

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

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

2. BOARD OF DIRECTORS

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

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

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

Name of the Director	Category	No of Board Meetings during the Year 2016-2017		Attendance at last AGM 29-09-2016	@No of Director-ships held in other Companies	#Committee Chairmanships and Member-ships in other Companies	
		Held	Attended			Chairman-ship	Member-ship
Omprakash Inani	Chairman, Non-Executive -Promoter	8	7	Yes	3	--	--
Vishnukant C Bhutada	Managing Director -Promoter	8	8	Yes	6	--	1
Venugopal Loya@	Independent Director	8	4	Yes	--	--	--
Carlton Felix Pereira	Independent Director	8	8	No	13	1	3
Narinder Pal Singh	Independent Director	8	7	No	13	1	2
Rajender Sunki Reddy	Independent Director	8	5	Yes	6	--	1
Pramod Kasat	Independent Director	8	6	No	4	1	1
Ajeet Singh Karan	Independent Director	8	8	No	4	--	1
Namrata Bhutada	Non-Executive-Director	8	7	Yes	--	--	--
Naresh Patwari$	Non-Executive Non-Independent	3	2	NA	1	--	1

@Note: Excluding Directorship in Foreign Companies and Companies incorporated u/s. 8 of Companies Act, 2013.
#Only Membership of Audit and Stakeholders Relationship Committees are considered.
@Ceased on 14-02-2017
$Co-opted on 26-12-2016.

During the year under review Eight Board Meetings were held on **30-05-2016, 27-06-2016, 26-08-2016, 25-11-2016, 01-12-2016, 26-12-2016. 14-02-2017 and 09-03-2017.** The maximum gap between two consecutive meetings did not exceed One hundred and twenty days. The details of the meetings held are as follows:

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

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

Meeting of Independent Directors

A separate meeting of Independent Directors was held on 30.03.2017, inter alia to review the performance of the Non-Independent Directors and the Board as a whole, review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

3. COMMITTEES OF DIRECTORS

A. Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of two Non-Executive Independent Directors in accordance with Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

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

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

Sl.No.	Name of the Director	Category	No. of meetings held during the year	No. of meetings attended
1.	Venugopal Loya[@]	Chairman	5	3
2.	Omprakash Inani	Member	5	5
3.	Pramod Kasat	Member	5	5
4.	Rajender Sunki Reddy[$]	Chairman	5	4

[@]Ceased on 14-02-2017
[$]Appointed as Chairman on 14-02-2017

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

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

The Audit Committee meetings were held during the year under review on the following dates 29-05-2016, 27.06.2016, 25.08.2016, 24.11.2016 and 13.02.2017.The gap between two audit Committee meetings was not more than four months.

The necessary quorum was present at all the meetings.

B. Nomination And Remuneration Committee

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

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

Sl.No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of meetings attended
1	Pramod Kasat	Independent Director	Chairman	2	2
2	Omprakash Inani	Non-Executive Director	Member	2	2
3	Venugopal Loya[@]	Independent Director	Member	2	2
4	N.P.S Shinh[$]	Independent Director	Member	2	0

[@]Ceased on 14-02-2017

[$]Appointed as Member on 14-02-2017

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

Pursuant to the provisions of the Companies Act, 2014 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

Remuneration of Directors:

The details of remuneration and commission paid during the year to the Managing Director, is as follows:

(Rs.in Lakhs)

Salary	155.10
Allowances, Perquisites & others	0.39
Commission	650.00
Company's Contribution to PF	11.70
Total	**817.19**

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

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

Name of the Director	Designation	Sitting fees paid Rs.	No. of shares held on 31-03-2017
Omprakash Inani	Chairman	40000	10,72,068
Narinder Pal Singh	Independent Director	30000	14,192
Carlton Felix Pereira	Independent Director	40000	1,470
Pramod Kasat	Independent Director	30000	93,000
Venugopal Loya	Independent Director	40000	-
Rajender Sunki Reddy	Independent Director	30000	25,500
Ajeet Singh Karan	Independent Director	40000	-
Namrata Bhutada	Non-executive Director	40000	22,500
Naresh Patwari	Non-executive Director	-	-

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

C. Stakeholders' Relationship Committee

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

Name of the Director	Nature of Directorship	Membership
Omprakash Inani	Non-Executive Director	Chairman
Vishnukant C Bhutada	Managing Director	Member

The Stakeholders' Relationship Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Regulation 6 of the SEBI (LODR) Regulations, 2015 the Board has authorized the Compliance Officer, Ms. Sujani Vasireddi and subsequently after her cessation Mr. Madhusudhan Reddy, to approve the share transfers/transmissions and comply with other formalities in relation thereto. All investor's complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement. During the year the Company has received in total 100 investors' requests/complaints which were resolved.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31st March, 2017.

D. Corporate Social Responsibility Committee.

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

Name of the Director	Nature of Directorship	Membership
Rajender Sunki Reddy	Independent Director	Chairman
Vishnukant C Bhutada	Managing Director	Member
Omprakash Inani	Non-Executive Director	Member

GENERAL BODY MEETINGS

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

Financial year ended	Date	Venue	Time	Special Resolution passed
March 31st, 2016	29th September, 2016.	Registered office at #12-6-214/A-1, Hyderabad Road,	11.30 AM	a) To re-appoint Mr.Narinder Pal Shinh (DIN No.00023160) Raichur-584135, Karnataka. as Independent Director of the Company for a term of Three years. b) To re-appoint Mr.Carlton Felix Pereira (DIN No.00106962) as Independent Director of the Company for a term of Three years. c) To re-appoint Mr.Ajeet Singh Karan (DIN No.00183622) as Independent Director of the Company for a term of Three years. d) To re-appoint Mr.Pramod Kasat (DIN No.00819790) as Independent Director of the Company for a term of Three years.

(Contd.)

Financial year ended	Date	Venue	Time	Special Resolution passed
				e) To re-appoint Mr.Venugopal Loya (DIN No.01270402) as Independent Director of the Company for a term of Three years. f) To re-appoint Mr. Rajender Sunki Reddy (DIN No. 02284057) as Independent Director of the Company for a term of Three years.
March 31st, 2015	28th September, 2015.	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	a) To re-appoint Mr. Vishnukant C Bhutada, as Managing Director of the Company for a period of Five years. b) To adopt new Articles of Association containing regulations in conformity with the provisions of the Companies Act, 2013.
March 31st, 2014	20th September, 2014.	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	a) To authorize the Board to borrow money not to be in excess of Rs.200 Crores U/s 180(1)(c). b) To authorize the Board to mortgage and/or create charge on all or any of the movable or immovable properties U/s 180(1)(a).

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

Financial year ended	Date	Venue	Time	Special Resolution passed
2016-17	26th December, 2016	#12-6-214/A1, Hyderabad Road, Raichur - 584 135	11.00 A.M	a) Issue of Equity shares on Preferential Basis. b) To increase the aggregate limit of FII's Shareholding.
2014-15	12th May, 2014	1st Floor, 10/80, Rajendra Gunj, Raichur - 584 102	12.15 P.M	a) To issue shares on Preferential Basis. b) To increase the aggregate limit of FII's shareholding.

iii) Special Resolution passed in last year through postal ballot.

No Special Resolution has been passed by the Company through postal ballot during the year under review.

4. DISCLOSURES

A. Disclosures on Materially Significant Related Party Transactions.

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

B. Details of Non-Compliance and Penalties.

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

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

D. CEO/ CFO Certification.

The Managing Director and Chief Financial Officer (who is heading the finance functions) have certified to the Board in accordance with Regulation 17(8) of SEBI (LODR) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2017.

E. Compliance Certificate.

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

F. Code of Conduct.

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the financial year ended 31st March, 2017. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

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

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

H. Relationship inter-se among Directors.

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

I. Familiarization program of Independent Directors.

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

J. Material Subsidiaries.

The policy for determining material subsidiaries has been posted on the website of the Company i.ehttp://www.vbshilpa.com/policies.html

K. Related Party Transactions.

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

L. Discretionary Requirements

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

5. MEANS OF COMMUNICATION.

A. Quarterly and half-yearly reports are published in two Newspapers- one in English and one in Kannada.

B. The financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website www.vbshilpa.com. The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.

C. The Company is also displaying official news announcements on its website www.vbshilpa.com.

D. Management Discussion and Analysis forms part of this Annual Report.

6. GENERAL SHAREHOLDER'S INFORMATION

A. Annual General Meeting

Date and Time	:	29th September, 2017 at 12.15 P.M.
Venue	:	#12-6-214/A1, Hyderabad Road, Raichur Karnataka- 584135
Last Date of Proxy forms submission	:	26th September, 2017 at 12.15 P.M.
Period Date for exercising e-voting	:	26th Sept., 2017 to 28th Sept., 2017

B. Financial Year : 1st April 2016 to 31st March 2017

C. Book Closure : 23rd Sept., 2017 to 29th Sept., 2017

D. Dividend Payment Date : Not Applicable. As there is no recommendation of Final dividend by the Board.

E. Listing on Stock Exchanges :

1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
2. National Stock Exchange of India Limited, "EXCHANGE PLAZA", 5th Floor, Plot No. C/1, G Block, Bhandra- Kurla Complex, Bandra (E), Mumbai

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

F. Stock Code

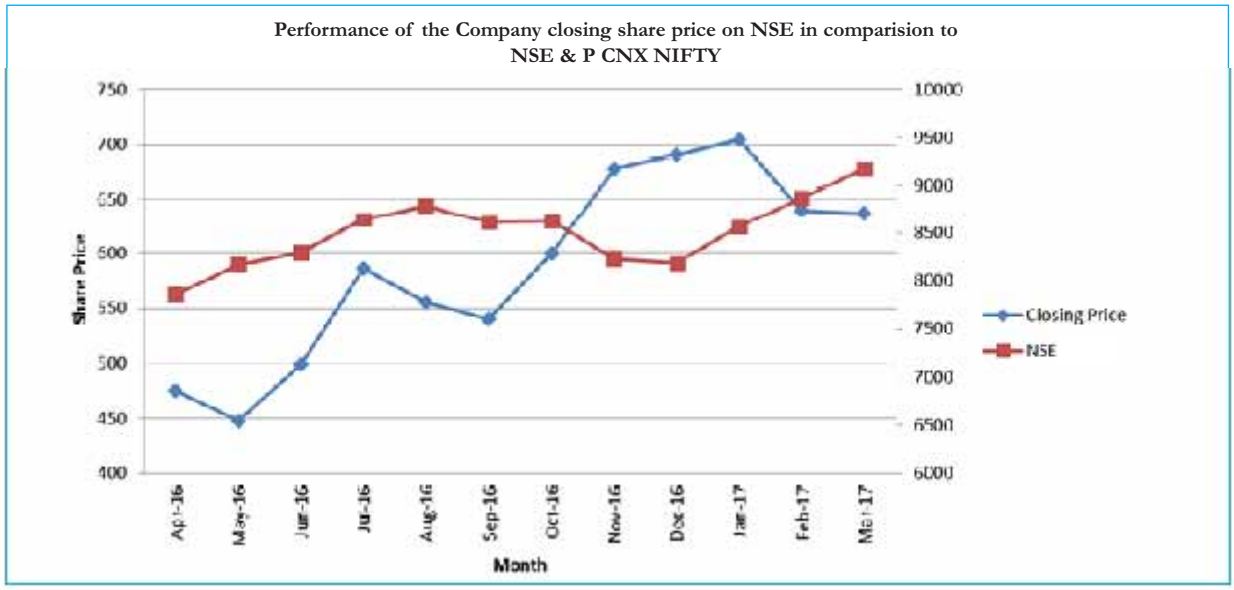
Name of the Stock Exchange	Stock Code	Scrip Code
BSE	530549	SHILPA MEDCA
NSE	N.A	SHILPAMED-EQ
Demat ISIN No. for NSDL & CDSL	INE790G01031	

G. Market Price Data & Share Performance of the Company

The monthly High, Low and trading volumes of the Companies Equity Shares during the last financial year 2016-2017 at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2016	520.00	423.55	2,76,035	525.00	421.00	14,71,124
May, 2016	504.75	436.15	90,791	505.00	435.05	5,92,751
June, 2016	515.00	442.00	8,82,612	519.90	449.95	10,99,335
July, 2016	612.20	510.00	4,08,168	612.90	510.10	21,54,412
August, 2016	612.00	525.00	1,57,375	610.80	521.25	9,51,044
September, 2016	576.00	517.35	90,372	579.90	517.00	8,90,903
October, 2016	636.00	545.00	1,69,917	639.00	540.35	11,83,312
November, 2016	686.00	525.00	4,07,346	687.00	525.00	17,69,352
December, 2016	786.75	622.25	5,43,770	786.90	623.05	28,00,043
January, 2017	742.50	686.00	1,31,082	742.05	685.00	4,66,671
February, 2017	744.80	626.45	1,37,730	743.00	625.40	10,26,304
March, 2017	660.00	606.20	1,41,488	655.80	606.95	16,51,997

H. Share Performance of the Company in Comparison with NSE CNX NIFTY



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

I. Registrar and Share Transfer Agent

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

J. Share Transfer System

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

K. Distribution of Equity Shares as on 31st March, 2017.

CATEGORY		No of Shareholders	% to Total Shareholders	No. of Shares Held	% to Capital
From	To				
1	5000	14006	97.18	4377031	5.47
5001	10000	187	1.30	1354769	1.69
10001	20000	94	0.65	1276824	1.59
20001	30000	38	0.26	978183	1.22
30001	40000	9	0.06	321898	0.40
40001	50000	10	0.07	456075	0.57
50001	100000	19	0.14	1384628	1.72
100001	ABOVE	49	0.34	69977496	87.34
	TOTAL	**14412**	**100.00**	**80126904**	**100.00**

L. Shareholding Pattern as on 31st March, 2017.

Category	No. of Shares held	% of Capital
Indian Promoters	43864092	54.74
Banks, Financial institutions, Insurance Companies & Mutual Funds	80964	0.10
Foreign Institutional Investors	14815287	18.49
Indian Public& HUFs	8537868	10.66
Private Corporate Bodies	4417786	5.51
NRIs/OCBs/FCBs	2005618	2.50
Others	6405289	8.00
Total	**80126904**	**100.00**

M. Dematerialization of Shares and Liquidity.

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March, 2017, 98.94% of the Company's Equity Shares are in dematerialized form. The ISIN NO/Code for the Company's Equity Shares is INE790G01031. Shareholders can open account with any of the depository participants registered with any of these depositories.

N. Plant Locations

Unit I
Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B
Deosugur Industrial Area, Deosugur- 584170, Raichur.

Unit -II
100% EOU, Plot Nos. 33-33A, 40 to 47,
Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross,
Chicksugur- 584134, Raichur.

R & D Unit- Raichur
Plot Nos. 33-33A, 40 to 47,
Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross,
Chicksugur- 584134, Raichur

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

R & D Unit-Vizag
Survey No:207, Modavalasa Village,
Denkada Mandalam, Dist: Vijayanagaram -531162 AP.

Wind Mills

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

O. Subsidiaries

i) LOBA FEINCHEMIE GmbH, (Step-down Subsidiary)
Fahragasse 7,A- 2401,Fischamend, Austria.

ii) ZATORTIA HOLDINGS LIMITED
70 Kennedy, 4th Floor, 1076 Nicosia,
Cyprus,P.O Box- 20971, 1662

iii) SHILPA THERAPEUTICS PRIVATE LIMITED,
Plot No.118 Phase-III, IDA, Cherlapalli,
Hyderabad - 500051

iv) INM TECHNOLOGIES PRIVATE LIMITED
#4, T M Industrial Estate, 12th KM,
Mysore Road, Bangalore - 560059.

v) MAKINDUS INC
206 Avondale Drive, North Wales,
Pennsylvania 19454, Montgomery.

vi) KOANAA HEALTHCARE LIMITED
4TH Floor Cavendish House,
369 burnt Oak Broadway,
Edgware Middlesex,
England, HA8 5AW

vii) KOANAA HEALTHCARE GmbH
Fehrgasse 7, 2401 Fischamend, Austria

P. Address for Correspondence

The Company Secretary & Compliance Officer
Shilpa Medicare Limited
#12-6-214/A1, Hyderabad Road,
Raichur - 584135, Karnataka

For and on behalf of the Board

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place : Raichur
Date : 10.08.2017

Managing Director's and CFO's Certification

To
The Board of Directors

We have reviewed the financial statements read with the cash flow statement of Shilpa Medicare Limited for the year ended March 31st, 2017 and to the best of our knowledge and belief, we state that;

a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(ii) These statements present true and fair view of the Company's affairs and are in compliance with current Accounting Standards, applicable laws and regulations.

b) There are, to the best of my knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

d) We have indicated to the Auditors and Audit Committee:

(i) that there are no significant changes in internal control over financial reporting during the year;

(ii) There are changes in the Accounting policies during the year on account of IND AS adoption and the same have been disclosed in the notes of the Financial Statements.

(iii) that there are no significant instances of fraud involving the management or an employee.

Sd/-
Rajendra Dugar
CFO
M.No. 056677

Sd/-
Vishnukant C Bhutada
MANAGING DIRECTOR
DIN: 01243391

Place : Hyderabad
Dated : 29.05.2017

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

I, Vishnukant C. Bhutada, Managing Director, hereby declare that the Company hasreceived the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for theyear ended 31st March, 2017.

Sd/-
Vishnukant C. Bhutada
MANAGING DIRECTOR
DIN: 01243391

Place : Hyderabad
Dated : 10.08.2017

AUDITORS REPORT ON CORPORATE GOVERNANCE

To,

The Member of Shilpa Medicare Limited

We have examined the compliance of the requirements of Corporate Governance by **Shilpa Medicare Limited** (the Company) for the year ended 31st March 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

For **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm Regn No 008127S/S200013

CA Yogesh R Bung
Partner
M.No. 143932

Place : Raichur
Date : 29.05.2017

INDEPENDENT AUDITOR'S REPORT

To the Members
Shilpa Medicare Limited

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

We have audited the accompanying standalone financial statements of Shilpa Medicare Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss (including Other Comprehensive Income), the Statement of cash flows and the Statement of changes in Equity in for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial Statements").

Management's Responsibility for the Standalone Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, with relevant rules there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, total Comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and Statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account;

   d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under;

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

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind-AS financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in the standalone Ind-AS financial statements with regards to its holding and dealings in Specified Bank Notes (SBN) as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer note No. 42 of Standalone Ind AS financial statements.

For **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm Registration Number: 008127S/S200013

per **CA Yogesh. R. Bung**
Partner
Membership Number: 143932

Place : Raichur
Date : 29th May, 2017

Annexure-A - referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements section of our report of even date.

The Annexure referred to in our report to the members of Shilpa Medicare Limited ('the Company') for the year ended March 31, 2017. We report that:

1) In respect of Fixed Assets

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

   b) As explained to us, having regards to the size of the Company and the nature of its assets Fixed Assets have been physically verified wherever feasible by the management and no material discrepancy with respect to book records was noticed on such verification.

   c) In our opinion and according to the information and explanations given to us, all the title deeds of immovable properties are held in the name of the Company.

2) In respect of Inventories

   a) According to the information and explanations given to us, the Inventories in its possession has been physically verified by the management at reasonable intervals. The Stocks lying with third parties have been confirmed by them as at year end. No material discrepancies were noticed on physical verification of inventories.

3) According to the information and explanation given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

   a. The terms and conditions of such loans granted are not prejudicial to the interest of the Company.

   b. The schedule of repayment of principal and payment of interest has been stipulated in the agreement and repayments or receipts of principal amounts and interest have been made as per stipulations.

   c. As there were no overdue amounts in respect of the loan granted to a Company covered in the register maintained under section 189 of the Act.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 and 76 or any other relevant provisions of the Act and the rules framed there under.

6) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under section 148 of the Act in respect of the production and processing activities of the Company and are of the opinion that prima-facie cost records and accounts prescribed have been generally maintained. However, we have not made a detailed examination of the records with a view to determining whether they are accurate or complete.

7) In respect of Statutory dues

   a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

   b) According to the information and explanations no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

   c) According to the information and explanations given to us there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute

8) According to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks, government and financial institutions. The Company did not have any debentures outstanding as at the year end.

9) Based on the information and explanations given to us by the management of the Company, the Company has not raised any money by way of public offer. The term loans raised by the Company have been applied for the purpose for which they were raised.

10) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind-AS financial statements and as per the information and explanations given by the management, we report that no material fraud by the Company or on the Company by its officers or employees, has been noticed or reported during the year.

11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the act.

12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind-AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of 30,25,000 Equity shares at premium during the year.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm Registration Number: 008127S/S200013

per **CA Yogesh. R. Bung**
Partner
Membership Number: 143932

Place : Raichur
Date : 29th May, 2017

Annexure-B - to our report of even date on the Standalone Ind-AS Financial Statements of Shilpa Medicare 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 Shilpa Medicare Limited ('the Company') as of 31st March 2017 in conjunction with our audit of the standalone Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 unqualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind-AS 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 systems over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at 31st 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 **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm Registration Number: 008127S/S200013

per **CA Yogesh. R. Bung**
Partner
Membership Number: 143932

Place : Raichur
Date : 29th May, 2017

Standalone Balance Sheet as at 31st March, 2017

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

	Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
A	**ASSETS**				
	Non-Current Assets				
	(a) Property, plant & equipment.	3	39,170.24	34,253.67	27,176.04
	(b) Capital work-in-progress	4	8,781.16	8,909.40	8,771.30
	(c) Intangible assets	5	778.59	723.33	481.62
	(d) Intangible assets under development	6	74.63	28.46	-
	(e) Financial assets	7			
	(i) Investments		10,177.58	9,405.47	7,094.26
	(ii) Loans		2,528.34	2,402.75	2,409.72
	(iii) Other financial assets		262.27	218.66	204.50
	f) Other non-current assets	8	6,722.68	3,775.02	3,244.14
	Total Non-Current Assets		**68,495.50**	**59,716.76**	**49,381.58**
	Current Assets				
	(a) Inventories	9	17,476.17	12,465.87	12,087.59
	(b) Financial assets	10			
	(i) Investment		22,462.25	5,963.07	6,868.57
	(ii) Trade receivables		16,650.25	11,197.52	9,828.89
	(iii) Cash and cash equivalents		8,865.38	549.18	222.63
	(iv) Other bank balance		55.46	16.91	12.73
	(v) Loan		1,881.70	472.66	200.44
	(iv) Other financial assets		766.77	162.45	275.62
	(c) Other current assets	11	2,445.41	2,213.82	2,110.95
	(d) Current tax assets (Net)	12	-	161.79	41.98
	Total Current Assets		**70,603.38**	**33,203.27**	**31,649.40**
	Total Assets		**139,098.88**	**92,920.03**	**81,030.98**
B	**EQUITY & LIABILITIES**				
	Equity				
	(a) Equity share capital	13	801.27	771.02	771.02
	(b) Other equity		94,798.01	65,687.94	55,446.20
	Total Equity		**95,599.28**	**66,458.96**	**56,217.22**
	Liabilities				
	Non-Current Liabilities				
	(a) Financial liabilities	14			
	(i) Borrowings		14,117.93	-	1,622.82
	(ii) Others		577.70	207.56	251.60
	(b) Provisions	15	555.34	431.59	374.14
	(c) Deferred tax liabilities (net)	16	6,314.02	5,289.65	4,229.88
	Total Non-Current liabilities		**21,564.99**	**5,928.80**	**6,478.45**
	Current Liabilities				
	(a) Financial Liabilities	17			
	(i) Borrowings		8,804.10	6,959.37	5,084.21
	(ii) Trade payables		10,321.51	9,819.66	9,282.05
	(iii) Other		771.96	2,134.59	2,550.08
	(b) Other Current Liability	18	472.97	439.35	330.74
	(c) Provisions	19	1,456.06	1,179.30	1,088.24
	(d) Current Tax Liability (Net)	20	107.99	-	-
	Total Current Liabilities		**21,934.60**	**20,532.27**	**18,335.31**
	Total Equity & Liabilities		**139,098.88**	**92,920.03**	**81,030.98**

The accompanying notes form an integral part of the standalone financial statements Notes: 01 to 50

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN : 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Rajendra Dugar
Chief Financial Officer
M.No. 056677

Standalone Statement of Profit and Loss for the Year ended 31st March, 2017

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

Particulars	Notes	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue			
(a) Revenue from operations	21	69,224.55	60,248.32
(b) Other operating revenues	22	4,540.35	7,889.04
Revenue from operations		**73,764.89**	**68,137.36**
(c) Other income	23	1,673.86	1,114.11
Total Revenue		**75,438.75**	**69,251.47**
Expenses			
(a) Cost of materials consumed	24	40,207.84	36,046.75
(b) Purchases of stock-in trade	25	736.49	381.00
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	26	(4,065.13)	(254.74)
(d) Employee benefits expense	27	9,003.59	6,727.21
(e) Finance costs	28	264.52	327.19
(f) Depreciation	3&5	2,603.17	2,119.03
(g) Excise duty expense		422.78	558.30
(h) Other expenses	29	8,782.54	8,234.83
Total Expenses		**57,955.80**	**54,139.56**
Profit before Exceptional items and tax		**17,482.95**	**15,111.91**
Exceptional (income)/expense	30	454.15	241.96
Profit Before Tax		**17,028.80**	**14,869.96**
Tax Expenses			
Current tax		3,632.26	3,035.51
Less: MAT credit entitlement		(288.20)	(501.29)
		3,344.06	2,534.21
Deferred tax		1,025.68	1,049.48
Total tax expenses		**4,369.74**	**3,583.69**
Profit for the Period		**12,659.05**	**11,286.26**
Other Comprehensive (Income)/Expenses			
Item that will not be reclassified to Profit & loss A/c.			
Remeasurement of the net defined benefit liability/asset (Net)		(2.48)	19.45
Item that will be reclassified to Profit & Loss A/c.			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net)		(180.12)	-
Total Comprehensive Income		**12,476.46**	**11,305.71**
Earning per equity share, par value of Re. 1/- each	36		
Basic (Rs.)		16.25	14.64
Diluted (Rs.)		16.25	14.64

The accompanying notes form an integral part of the standalone financial statements Notes: 1 to 50

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN : 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Rajendra Dugar
Chief Financial Officer
M.No. 056677

Statement of Changes in Equity

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

Particulars	Securities premium reserves	General reserves	Retained earnings	Other Comprehensive income (OCI) financial instruments measured at Fair Value through OCI	Remeasure-ment of defined benefit plan	Gain on forfeiter of equity shares	Total
Balance at April 01, 2015	**18,665.71**	**3,682.68**	**33,293.62**	**-**	**(204.58)**	**8.76**	**55,446.20**
Transfer to General Reserve	-	500.00	(500.00)	-	-	-	-
Dividend including dividend distribution tax	-	-	(1,063.96)	-	-	-	(1,063.96)
Total Comprehensive income for the year	-	-	11,286.26	-	19.45	-	11,305.71
Balance at the end of 31, March, 2016	**18,665.71**	**4,182.68**	**43,015.92**	**-**	**(185.13)**	**8.76**	**65,687.94**
Transfer to General Reserve	17,212.25	500.00	(500.00)	-	-	-	17,212.25
Total Comprehensive income for the year	-	-	12,659.05	(180.12)	(2.48)	-	12,476.45
Dividend including dividend distribution tax	-	-	(578.63)	-	-	-	(578.63)
Balance at the end of 31, March, 2017	**35,877.96**	**4,682.68**	**54,596.33**	**(180.12)**	**(187.60)**	**8.76**	**94,798.01**

The accompanying notes form an integral part of the standalone financial statements Notes: 1 to 50

Note :

(i) Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

(iii) The amount of retained earnings can be distributed by the Company as dividends to its equity shareholders

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN : 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Rajendra Dugar
Chief Financial Officer
M.No. 056677

Standalone Cash Flow Statement for the year ended 31st March, 2017

(All amounts in lakhs in Indian Rupees unless otherwise stated)

Particulars	As at 31st March, 2017	As at 31st March, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits Before Tax (PBT)	17,028.80	14,869.96
Less: Adjustments	-	-
Interest received	416.71	317.63
Dividend Income	9.18	3.97
Liabilities Written back	20.29	-
Provision written back	1.63	2.62
Excess gratuity provision written back	-	6.82
Acturial Gain on Defined benefit plan	3.79	(29.74)
Capital subsidy	11.06	11.06
Unrealized Exchange gain on reinstatement	434.23	(28.03)
Interest rate Swap	13.36	32.59
Corporate Gurantee fees	30.30	32.59
Gain on Mutual Funds	998.06	565.53
	15,090.20	**13,954.91**
Add: Adjustments		
Depreciation & Amortisation	2,603.17	2,119.03
Interest Paid	264.52	327.19
Loss on sale of Fixed Assets	3.04	2.00
Balances written off	65.19	0.12
Insurance claim written off	-	8.31
Provision for Gratuity	170.75	8.14
Provision for Leave Encashment	28.09	4.57
Capital Advances/balances written off	282.01	8.76
Provision for Diminution in the value of Investments	454.15	241.96
Operating profit before working capital changes & Other Adjustments	**18,961.12**	**16,675.00**
Adjustments for Increase/(Decrease) in Operating Liabilities		
- Trade Payables	820.36	575.25
- Other Current Liabilities & Short Term Provisions	46.72	19.47
- Other Provisions	276.76	148.29
- Long Term Provisions	(75.10)	(5.67)
Adjustments for (Increase)/Decrease in Operating Receivables		
- Inventories	(5,010.30)	(378.28)
- Trade Receivables	(5,568.85)	(1,451.96)
- Loans	(164.59)	6.97
- Non-current financial Assets (Others)	(43.98)	(14.17)
- Long Term Loans & Advances	137.47	(183.35)
- Other financial Assets	(546.71)	114.24
- Short Term Loans & Advances & Other Current Assets	(1,641.43)	(385.16)
	7,191.49	15,120.63
Less: Income Taxes (Net)	(3,362.47)	(3,155.31)
Net Cash flow from Operating activities	**3,829.02**	**11,965.31**

(Contd.)

Cash Flow (Contd.)

(All amounts in lakhs in Indian Rupees unless otherwise stated)

Particulars	As at 31st March, 2017	As at 31st March, 2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Tangible and Intangible Assets (Incl.CWIP)	(7,298.01)	(9,543.07)
Sale of Tangible Assets	51.25	9.39
Capital Advances	(3,078.95)	165.30
Interest received	359.11	316.55
Dividend Income	9.18	3.97
(Increase)/Decrease in Non-Current Investments	(1,230.73)	1,471.03
(Increase)/Decrease in Current Investments	(15,501.12)	(2,520.97)
Net cash outflow from Investing Activities	**(26,689.28)**	**(10,097.79)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Long Term Borrowings	13,067.51	(1,962.65)
Increase in/(Decrease) Short Term Borrowings	2,064.09	1,892.68
Dividend and Corporate Dividend tax paid	(540.09)	(1,059.79)
Increase in Share Capital	30.25	0.00
Increase in Securities Premium Account	17,212.25	0.00
Interest paid	(201.95)	(328.36)
Net Cash flow Financing Activities	**31,632.07**	**(1,458.12)**
Net Increase/(decrease)in Cash and Cash Equivelants	**8,771.81**	**409.40**
Cash & Cash Equivelants at the Beginning of the year	107.36	(302.04)
Cash & Cash Equivelants at the End of the year	**8,879.17**	**107.36**

Components of Cash and Cash Equivalents	As at 31st March, 2017	As at 31st March, 2016
Cash on Hand	18.51	34.34
Cash at Banks		
a) In Current Account	1,131.02	377.80
b) In Fixed deposits Account (with maturity less than 3 months)	7,715.85	137.04
c) Unclaimed Dividend	55.46	16.91
e) Book overdraft	(41.67)	(458.73)
Total Cash and Cash Equivalents	**8,879.17**	**107.36**

Note:

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

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN : 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Rajendra Dugar
Chief Financial Officer
M.No. 056677

Notes to the Financial Statements

CORPORATE INFORMATION

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

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

1. Basis of Preparation

i. These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company.

ii. The financial statements for the year ended 31st March, 2016 and the opening Balance Sheet as at 1st April, 2015 have been restated in accordance with Ind AS for comparative information. The financial statements for the year ended on 31st March, 2017 are the first financial statement of the Company under Ind AS. In accordance of Ind AS 101, First time Adoption of Indian Accounting Standard, the Company has given an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance refer note C(2).

iii. The financial statements have been prepared on going concern and accrual basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'.

The financial statements of the Company for the year ended March 31, 2017 were approved by the Board of Directors on 29/5/2017.

iv. The financial statements have been prepared to comply in all material aspects with applicable accounting principal in India and as notified under the Companies Act 2013 and the other relevant provisions of the Act.

v. The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities as specified and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS.

1.1 Significant Accounting Policies

a) Critical accounting Estimates and Judgements:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of Useful life of Property, plant and equipment and intangibles (Note 1.1 (c)
- Recognition of deferred taxes (Note 1.1(o))
- Estimation of impairment (Note 1.1(e))
- Estimation of provision and contingent liabilities (Note 1.1(p))

b) Recent accounting developments

i. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian

Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

ii. Amendment to Ind-AS 7:

The amendment to Ind-AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

iii. Amendment to Ind-AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

c) Property, Plant and Equipment & Depreciation:

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

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

iii. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies act-2013, with exception of those assets whose useful life is ascertain by the management.

v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

vi. Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

d) Intangible Assets:

Intangible Assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

DMF costs represent expenses incurred on development of processes and compliance with regulatory procedures of the USFDA, in filing Drug Master Files (DMF), in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. The cost of each DMF is amortized over it's estimated useful life from the date on which the amount have been capitalized.

e) Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

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

f) Investments:

i. Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered being other than temporary in nature.

ii. Current investments are stated at lower of cost and fair value.

iii. Non-current investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.

iv. On Disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss Account/.

g) Inventory:

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

h) Employee Benefits:

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution plans

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

Defined benefit plans

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

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

i) Leases

Operating Lease

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

j) Revenue Recognition:

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

(i) Sale of products:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the

government which are levied on sales such as Excise duty, Central sales tax and, Value added tax, etc.

(ii) Development Charges:

Development charges are earned over the time period of the development activity and are recognized on the basis of each mile-stones identified in the agreement

k) Other Income

i. Interest Income is recognized using the Effective interest rate (EIR) method.

ii. Dividend income is recognized when right to receive is established.

l) Foreign Currency Transactions/Translations:

Initial Recognition

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

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

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

m) Borrowing Costs

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

n) Financial Instrument:

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

(I) Financial Asset:

Initial recognition and measurement

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

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

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

(a) Financial Asset measured at amortized cost

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

(a) Trade receivables

(b) Investment in Subsidiaries

(c) Loans

(d) Other financial assets

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

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other

comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

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

Financial Asset are measured at fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

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

De-recognition of Financial Assets:

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

Impairment of Financial Assets:

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

(a) Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial Assets that are debt instruments and are measured at FVTOCI.

(c) Lease receivables under Ind AS 17.

(d) Trade receivables or any contractual right to receive cash or another financial asset

(e) Loan commitments which are not measured at FVTPL

(f) Financial guarantee contracts which are not measured at FVTPL

(II) Financial Liability

Initial recognition and measurement

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

Subsequent measurement

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

Financial Liabilities at amortized cost:

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

The company is classifying the following under amortized cost

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

Derecognition:

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

(III) Derivative financial instruments and hedging

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of these derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in Other Comprehensive Income (OCI) and accumulated in "Cross Currency Hedge Reserve Account" under Other Equity,

net of a exchange difference arises from instatement of respective loan and applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Cash Flow Hedge Reserve Account" are reclassified to the Statement of Profit and Loss in the same period during which the transaction affects Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109 are classified as fair value through profit or loss.

o) Taxes on Income:

Tax expense comprises of current and deferred tax.

i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.

ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

iii. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as "MAT Credit Entitlement".

p) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

q) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

r) Earning per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

s) Government Grant

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented in the balance sheet by setting up the grant as deferred income. Grants related to income are deducted in reporting the related expense in the statement of profit and loss.

2. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind-AS 101, as explained below.

A. Mandatory Exceptions from retrospective application

Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after accounting policies), unless there is an objective evidence that those estimates were in error.

Ind AS estimates as at 1 April, 2015 are consistent with the estimates as at same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

- Investments in equity instruments carried at FVTPL or FVTOCI
- Investments in debt instruments carried at FVTPL
- Impairment of financial assets based on expected credit loss model.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Optional Exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date.

Business combinations occurring prior to the transition date have not been restated. The Company has applied same exemption for investment in associates and joint ventures.

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

Investment in Subsidiaries, Associates & Joint Ventures

When an entity prepares Separate Financial Statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associate either at cost or in accordance with Ind AS 109.

The Company has elected to measure investment in subsidiaries, joint venture and associate at cost.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101

1. Reconciliation of Equity as at 1st April, 2015
2. Reconciliation of Equity as at 31st March, 2016

Reconciliation of equity as at 1st April, 2015 (Rs. in Lakhs)

Particulars	Notes to first time adoption	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS				
Non- current assets				
(a) Property, plant & equipment.	1	27,519.68	(343.64)	27,176.04
(b) Capital work- in- progress		8,771.30	-	8,771.30
(c) Intangible assets		481.62	-	481.62
(d) Intangible assets under development		-	-	-
(e) Financial assets		-	-	-
(i) Investments	2	7,424.44	(330.18)	7,094.26
(ii) Loans		2,409.72	-	2,409.72
(iii) Other financial assets		204.50	-	204.50
f) Other	1	2,954.43	289.72	3,244.14
Total non- current assets		**49,765.69**	**(384.11)**	**49,381.58**
Current assets				
(a)Inventories		12,087.59	-	12,087.59
(b) Financial assets				
(i) Investment	3	6,535.40	333.17	6,868.57
(ii) Trade receivables		9,828.89	-	9,828.89
(iii) Cash and cash equivalents		222.63	-	222.63
(iv) Other bank balance		12.73	-	12.73
(v) Loan		200.44	-	200.44
(iv) Others financial assets		275.62	-	275.62
(c) Other current assets		2,110.95	-	2,110.95
(d) Current tax assets (net)		41.98	-	41.98
Total current assets		**31,316.24**	**333.17**	**31,649.40**
Total assets		**81,081.93**	**(50.95)**	**81,030.98**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		771.02	-	771.02
(b) Other equity	4	55,538.56	(92.37)	55,446.20
Total equity		**56,309.58**	**(92.37)**	**56,217.22**
Liabilities				
Non- current liabilities				
(a) Financial Liabilities				
(i) Borrowings		1,622.82	-	1,622.82
(ii) Other financial liability	5	-	251.60	251.60
(b) Provisions		374.14	-	374.14
(c) Deferred tax liabilities (net)	6	3,931.21	298.67	4,229.88
Total non current liability		**5,928.18**	**550.27**	**6,478.45**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings		5,084.21	-	5,084.21
(ii) Trade payables		9,282.05	-	9,282.05
(iii) Other		2,550.08	-	2,550.08
(b) Other current liability		330.74	-	330.74
(c)Provisions	7	1,597.09	(508.85)	1,088.24
(d) Current tax liability (Net)		-	-	-
Total current liability		**18,844.17**	**(508.85)**	**18,335.32**
TOTAL Equity & Liabilities		**81,081.93**	**(50.95)**	**81,030.98**

Reconciliation of equity as at 31st March, 2016 (Rs. in Lakhs)

Particulars	Notes to first time adoption	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS				
Non- current assets				
(a) Property, plant & equipment.	1	34,799.67	(545.99)	34,253.67
(b) Capital work- in- progress		8,909.40	-	8,909.40
(c) Intangible assets		723.33	-	723.33
(d) Intangible assets under development		28.46	-	28.46
(e) Financial assets		-	-	-
(i) Investments	2	10,078.53	(673.06)	9,405.47
(ii) Loans		2,402.75	-	2,402.75
(iii) Other financial assets		218.66	-	218.66
f) Other non-current assets	1	3,299.38	475.64	3,775.02
Total non- current assets		**60,460.17**	**(743.42)**	**59,716.76**
Current assets				
(a)Inventories		12,465.87	-	12,465.87
(b) Financial assets				-
(i) Investment	3	5,272.55	690.52	5,963.07
(ii) Trade receivables		11,197.52	-	11,197.52
(iii) Cash and cash equivalents		549.18	-	549.18
(iv) Other bank balance		16.91	-	16.91
(v) Loan		472.66	-	472.66
(iv) Others financial assets		162.45	-	162.45
(c) Other current assets		2,213.82	-	2,213.82
(d) Current tax assets (net)		161.79	-	161.79
Total current assets		**32,512.75**	**690.52**	**33,203.27**
Total assets		**92,972.92**	**(52.89)**	**92,920.03**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	-	771.02	-	771.02
(b) Other equity	4	66,391.43	(703.49)	65,687.94
Total equity		**67,162.45**	**(703.49)**	**66,458.96**
Liabilities				
Non- current liabilities	-			
(a)Financial Liabilities		-	-	-
(b) Other financial liability	5	-	207.56	207.56
(c) Provisions		431.59	-	431.59
(d) Deferred tax liabilities (net)	6	4,846.61	443.04	5,289.65
Total non current liability		**5,278.20**	**650.60**	**5,928.80**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings		6,959.37	-	6,959.37
(ii) Trade payables		9,819.66	-	9,819.66
(iii) Other		2,134.59	-	2,134.59
(b) Other current liability		439.35	-	439.35
(c)Provisions		1,179.30	-	1,179.30
(d) Current tax liability (Net)		-	-	-
Total current liability		**20,532.27**	**-**	**20,532.27**
TOTAL Equity & Liabilities		**92,972.92**	**(52.89)**	**92,920.03**

Notes to reconciliation of balance sheet as previously reported under IGAAP to Ind-AS

1. Property, Plant & Equipment, Non-current Asset

Leasehold land under Ind-AS is classified as operating lease, however under Indian GAAP, the same was considered as part of Property, Plant & Equipment.

2. Non-current Investment

Company has applied exemption in respect of Foreign Currency Translation Reserve as per appendix D of Ind AS 101 which states that the cumulative translation difference of all foreign operations are deemed to be zero at the date of transition to Ind-AS.

3. Current Investment

- Mutual funds - Under Previous GAAP, the mutual funds are measured at cost or market value, whichever is lower. Under Ind AS, the Company has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value.
- At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognised in retained earnings. Fair value changes are recognised in the Statement of Profit and Loss for the year ended 31st March, 2016.

4. Other Equity

Adjustments to retained earnings have been made in accordance with Ind-AS for the mentioned line items.

5. Other Financial Liability

- Under Ind AS, Derivative Instruments used for hedging is measured at fair value.
- Capital Subsidy received is treated as Capital Reserve in Indian GAAP. Under Ind AS, only income approach is allowed and the amount is to be transferred to Statement of Profit and loss over the period to match the fulfillment of the obligation.

6. Deferred Tax

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences and deferred tax has been recognised on the same.

7. Provision

Under Previous GAAP, proposed dividends and related the dividend distribution tax are recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind-AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

Reconciliation of Statement of profit and loss for the year ended March 31, 2016 (Rs. in Lakhs)

Particulars	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Revenue	-			
(a) Revenue from operations		60,248.32	-	60,248.32
(b) Other operating revenues		7,889.04	-	7,889.04
Revenue from operations		**68,137.36**	**-**	**68,137.36**
(c) Other Income	1	680.52	433.60	1,114.11
Total Revenue		**68,817.88**	**433.60**	**69,251.47**
Expenses				
(a) Cost of materials consumed		36,046.75	-	36,046.75
(b) Purchases of stock-in trade		381.00	-	381.00
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade		(254.74)	-	(254.74)
(d) Employee benefits expense	2	6,697.47	29.74	6,727.21
(e) Finance costs		327.19	-	327.19
(f) Depreciation		2,119.03	-	2,119.03
(g) Excise duty recovered		558.30	-	558.30
(g) Other expenses	3	8,218.40	16.43	8,234.83
Total Expenses		**54,093.39**	**46.17**	**54,139.56**
Profit before Exceptional items and tax		**14,724.48**	**387.43**	**15,111.91**
Exceptional (income) / expense		241.96	-	241.96
Profit before tax		**14,482.53**	**387.43**	**14,869.96**
Tax expenses				
Current tax		3,035.51	-	3,035.51
Less: MAT credit entitlement		(501.29)	-	(501.29)
		2,534.21	**-**	**2,534.21**
Deferred Tax	4	915.40	134.08	1,049.48
Total tax expenses		**3,449.61**	**134.08**	**3,583.69**
Profit for the Period		**11,032.92**	**253.35**	**11,286.26**
Other comprehensive (income) / expenses				
Remeasurement of the net defined benefit liability/asset (net of tax)	2	-	19.45	19.45
Total comprehensive income		**11,032.92**	**272.79**	**11,305.71**

Explanation for reconciliation of profit as previously reported under IGAAP to Ind AS

1. Other Income

- Under Ind AS, the Investment is classified at Fair Value through Profit & Loss (FVPL). The adjustment reflect amount of change in value of investment measured at FVTPL.
- Capital Subsidy received is treated as part of Reserve & Surplus in Indian GAAP.Under Ind AS, only Income Approach is allowed and the amount is to be transferred to PL over the period in the ratio of fulfillment of the obligation.

2. Employee benefit expenses

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, measurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

3. Other expenses

Leasehold land under Ind AS is classified as operating lease and hence the lease rentals for the period are charged to the Statement of profit and loss.

4. Deferred Tax

The Ind AS adjustments lead to temporary differences and deferred tax has been recognised on the amount of impact due to transition to Ind AS.

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

03. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Depreciation/Amortisation				Net Block		
	As at 01.04.2016	Additions	Deletions/ Adjustment During the year	Gross Block As at 31.03.2017	As at 01.04.2016	For the Year	Disposal/ Adjustment	Accmulated Depreciation As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
i) Owned											
a) Borewell	18.80	0.24	-	19.04	9.23	3.27	-	12.50	6.54	9.58	9.93
b) Building	8,629.57	1,336.05	-	9,965.61	1,361.23	286.02	-	1,647.25	8,318.36	7,268.34	6,251.55
c) Canteen Equipment	9.70	0.81	-	10.52	2.50	1.95	-	4.46	6.06	7.20	2.07
d) Computer	488.94	98.77	1.13	586.58	340.88	72.25	-	413.13	173.45	148.06	111.03
e) Network Server equipement	14.60	53.12	-	67.71	3.18	4.19	-	7.37	60.35	11.42	7.53
f) Electrical Installation	2,732.46	327.24	-	3,059.70	948.75	294.75	-	1,243.51	1,816.20	1,783.71	1,374.56
g) Empty Cylinders	4.67	-	-	4.67	4.18	0.06	-	4.24	0.42	0.49	0.55
h) ETP Building	469.52	96.33	-	565.85	118.44	16.13	-	134.57	431.28	351.08	350.43
i) ETP Machinery	343.00	196.03	34.24	504.79	88.83	17.83	(16.49)	90.17	414.62	254.17	145.50
j) Furniture	803.37	311.70	11.59	1,103.48	207.45	90.81	(0.16)	298.10	805.38	595.92	482.39
k) Generator	107.26	124.07	-	231.33	27.31	15.64	-	42.94	188.38	79.95	19.99
l) Lab Equipments	4,363.73	923.91	0.04	5,287.60	1,347.92	479.58	-	1,827.50	3,460.10	3,015.82	2,638.16
m) Office Equipment	56.17	33.92	0.05	90.04	19.13	13.10	-	32.24	57.80	37.03	21.00
n) P/M (Power Generation Unit)	3,843.04	-	-	3,843.04	1,694.86	101.12	-	1,795.98	2,047.05	2,148.18	2,248.56
o) Pipeline	2,475.93	285.62	-	2,761.55	643.18	100.97	-	744.15	2,017.41	1,832.75	1,200.04
p) Plant & Machinery	19,808.68	3,554.08	35.72	23,327.04	4,536.80	940.79	(15.87)	5,461.72	17,865.32	15,271.88	10,915.38
q) Pollution Control Equip.	37.07	-	-	37.07	28.90	0.42	-	29.32	7.75	8.17	8.03
r) R & D Equipments	238.44	-	-	238.44	182.44	21.53	-	203.97	34.46	55.99	91.07
s) Storage Tank	108.27	24.03	-	132.30	29.21	4.74	-	33.94	98.36	79.06	52.15
t) Transformer	46.61	-	-	46.61	15.10	4.19	-	19.29	27.32	31.51	35.69
u) Unit-II Land & Building	5.86	-	-	5.86	2.74	0.20	-	2.94	2.92	3.12	3.31
v) Vehicle	299.51	60.34	48.47	311.38	150.05	23.45	(31.31)	142.19	169.19	149.45	176.62
w) Vehical Electrical Operated	34.87	-	-	34.87	8.30	4.20	-	12.50	22.36	26.57	30.77
x) Xerox Machine	3.72	-	-	3.72	2.89	0.28	-	3.18	0.54	5.78	1.11
y) weigh bridge	8.42	-	-	8.42	2.11	0.87	-	2.99	5.43	1.35	1.78
z) EHS Equipement	39.06	1.61	-	40.67	0.30	3.76	-	4.06	36.61	38.76	1.34
aa) Storage Drums	3.06	2.04	-	5.10	0.78	0.73	-	1.51	3.59	2.28	2.65
ab) Land	774.45	2.80	-	777.25	-	-	-	-	777.25	774.45	711.28
ii) Leased Assets											
a) Leasehold Land & Green Field	261.61	54.09	-	315.71	-	-	-	-	315.71	261.61	281.56
Total	**46,030.39**	**7,486.79**	**131.23**	**53,385.94**	**11,776.71**	**2,502.83**	**(63.84)**	**14,215.70**	**39,170.24**	**34,253.67**	**27,176.04**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

4. CAPITAL WORK-IN-PROGRESS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(a) Tangible assets under development			
i) Machinery under errection	113.84	342.79	171.32
ii) Projects under errection	7,302.29	7,494.34	7,686.34
iii) Pre-operative expenses (pending capitalization)	1,365.03	1,072.27	913.65
TOTAL	**8781.16**	**8909.40**	**8771.30**

5. INTANGIBLE ASSETS

Particulars	Gross Block				Depreciation/Amortisation				Net Block		
	As at 01.04.2016	Additions	Deletions/ Adjustment During the year	Gross Block As at 31.03.2017	As at 01.04.2016	For the Year	Disposal/ Adjust-ment	Accmulated Depreci-ation as at 31.03.2017	As at 31st March 2017	As at 31st March 2016	As at 01.04.2015
Computer software	186.04	76.87	3.35	259.56	56.19	34.14	-	90.33	169.22	129.85	107.54
DMF/Patents Fees	704.83	83.27	1.19	786.91	111.35	66.19	-	177.54	609.37	593.48	374.09
TOTAL	**890.87**	**160.14**	**4.54**	**1,046.46**	**167.54**	**100.34**	**-**	**267.87**	**778.59**	**753.33**	**481.62**

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
DMF Fees	74.63	28.46	-
TOTAL	**74.63**	**28.46**	**-**

7. FINANCIAL ASSETS

(I) NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a) Investments in equity instruments (unquoted)			
i) In Subsidiary Companies			
i) 2000 (2000) of Euro 1.71 each - Zatortia Holdings Ltd, Cyprus	2,028.91	2,028.91	2,028.91
ii) 1,831,634 (1,248,549) of Rs 10/- each - Shilpa-Therapeutics (P) Ltd, Hyderabad	1,030.49	713.18	713.18
iii) 1,125,000 (1,125,000) Shares of Rs 10/- each INM Technologies Pvt Ltd.Bangalore	112.50	112.50	112.50
iv) 100 (100) shares of 1 GBP each in Koanaa Healthcare Limited,UK	0.10	0.10	-
v) Investment in Koanaa Healthcare GmbH, Austria	77.63	-	-
vi) Share Application Money Koanaa Healthcare GmbH, Austria	75.22	-	-
ii) In Associate Companies			
i) 100,000 (100,000) Equity Shares of Rs 10/- each - Reva Pharmachem (P) Ltd, Raichur	10.00	10.00	10.00
iii) In Joint Venture Company.			
i) 870,755 (870,755) of Rs 10/- each- Raichem Medicare (P) Ltd, Raichur.	1,402.13	1,406.60	1,040.95
ii) 5001 (5001) Equity shares of Rs 10/- each of Reva Medicare Pvt Limited Raichur	0.50	0.50	-

(Contd.)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

FINANCIAL ASSETS (Contd.)

(I) NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
b) Investments in preference instruments (unquoted)			
i) In subsidiary companies			
i) 400,000 (400,000) of Rs 10/- each Shilpa Therapeutics (P) Ltd, Hyderabad.	40.00	40.00	40.00
ii) 23,000,170 (15,354,370) Preference shares of Rs.10/- each INM Technologies Pvt Ltd, Bangalore	2,300.02	1,535.44	-
iii) Share Application money for allotment of Preference shares to INM Technologies Pvt Ltd, Bangalore -	4.00	-	
ii) In Joint Venture Company.			
i) 18,500,000 (18,500,000) of Rs 10/- each- Raichem Medicare Pvt. Ltd. Raichur.	1,850.00	1,850.00	1,200.00
ii) 1,400,000 (1,400,000) Preferred Stock at par value of 0.0001 USD of MAIA Pharmaceuticals INC .USA	795.69	795.69	795.69
c) Investments in common stock (unquoted)	-	-	-
i) In subsidiary companies			
i) Investment in 1,892,308 (1,892,308) common stock @ par value of 0.001 of Makindus INC, USA	908.35	908.35	11,52.82
d) In Government securities (unquoted)			
i) National savings certificate.	0.20	0.20	0.20
	10,631.73	9,405.47	7,094.26
Less: Impairment in value of investments	454.15	-	-
Net Amount of investments	10,177.58	9,405.47	7,094.26
Total value of unquoted investment	**10,177.58**	**9,405.47**	**7,094.26**
Aggregate value of unquoted investment	**10,177.58**	**9,405.47**	**7,094.26**

(II) LOANS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Shilpa Therapeutics Pvt Ltd (Wholly owned subsidiary)	898.18	735.64	680.38
(ii) Raichem Medicare Pvt Limited (Joint venture)	762.95	1,667.11	1,729.34
(iii) Koanaa Healthcare GmbH-Austria (Wholly owned subsidiary)	348.99	-	-
(iv) Koanaa Healthcare Limited - UK (Wholly owned subsidiary)	518.23	-	-
TOTAL	**2,528.34**	**2,402.75**	**2,409.72**

(III) OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a) Security deposits (unsecured considered good)			
(i) Electricity deposits	210.37	171.56	161.86
(ii) Rental deposits	26.25	30.57	27.25
(iii) Telephone deposits	0.61	0.60	0.60
(iv) Miscellaneous deposits	25.04	15.93	14.78
	262.27	218.66	204.50
Less: Provision for doubtful deposits	-	-	-
Total	**262.27**	**218.66**	**204.50**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

8. OTHER NON-CURRENT ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a) Capital advances			
(i) Unsecured, considered good	4,322.36	1,243.41	1,397.18
Less: written off	282.01	-	-
TOTAL (a)	**4,040.35**	**1,243.41**	**1,397.18**
b) Others			
(i) Income tax paid under protest	43.33	173.28	173.28
(ii) VAT on capital goods & others item (Refer Note 47)	48.27	48.27	41.27
(iii) MAT credit entitlement benefit	2,115.20	1,827.00	1,325.71
(iv) Prepaid expenses	474.67	483.06	297.95
(v) Excise duty	0.86	-	8.76
TOTAL (b)	**2,682.33**	**2,531.61**	**1,846.96**
TOTAL (a+b)	**6,722.68**	**3,775.02**	**3,244.14**

9. INVENTORIES

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Raw materials	6,848.58	6,462.03	6,586.26
(ii) Work-in-progress	9,308.27	5,285.73	4,771.16
(iii) Finished goods			
(a) Stock in Hand	-	1.56	27.01
(b) Goods-in transit	10.40	-	-
(c) Stock-in-trade	77.04	43.28	277.66
(iv) Stores and Spares	918.34	537.86	264.50
(v) Packing materials	313.54	135.41	161.00
TOTAL	**17,476.17**	**12,465.87**	**12,087.59**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

10. FINANCIAL ASSETS

(I) CURRENT INVESTMENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Investment in mutual funds			
(i) HDFC mutual fund	331.18	307.14	1,072.78
(ii) ICICI prudential mutual fund	9,885.31	5,148.05	4,428.41
(iii) Franklin India low duration fund	329.38	298.89	1,077.13
(iv) SBI mutual fund	4,556.21	208.98	290.26
(v) Birla sun life mutual fund	2,244.64	-	-
(vi) Franklin India ultra short bond fund	5,115.53	-	-
TOTAL	**22,462.25**	**5,963.07**	**6,868.57**
Aggregate value of unquoted investments	**22,462.25**	**5,963.07**	**6,868.57**

(II) TRADE RECEIVABLES (Refer note-49)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Unsecured considered doubtful	65.19	11.21	15.42
	65.19	11.21	15.42
Less: written-off	65.19	11.21	15.42
TOTAL (a)	**-**	**-**	**-**
Unsecured, considered good	16,650.25	11,197.52	9,828.89
TOTAL (b)	**16,650.25**	**11,197.52**	**9,828.89**
TOTAL (a+b)	**16,650.25**	**11,197.52**	**9,828.89**

(III) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Cash on hand	18.51	34.34	21.76
(ii) Balance with banks in Current accounts	1,131.02	377.80	58.70
(iii) Deposits with original maturity of less than 3 months	7,715.85	137.04	142.17
TOTAL	**8,865.38**	**549.18**	**222.63**

(IV) OTHER BANK BALANCES

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Earmarked balances			
(i) Unpaid dividend account	55.46	16.91	12.73
TOTAL	**55.46**	**16.91**	**12.73**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

(V) LOANS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a) Unsecured, considered good			
(i) Zatortia Holdings Ltd (Wholly Owned Subsidiary)	1.04	1.13	-
(ii) Raichem Medicare Pvt Ltd (Joint venture)	508.63	254.32	-
(iii) Reva Pharmachem Pvt Ltd (Associate)	175.35	217.21	200.44
b) Others			
i) Navya Biologicals Pvt Ltd.	1,196.68	-	-
TOTAL	**1,881.70**	**472.66**	**200.44**

(VI) OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Income accrued and due on power sales	48.04	40.14	6.90
(ii) CST receivable	116.46	53.87	213.12
(iii) Staff advances	63.19	35.66	25.97
(iv) Tender deposits	2.09	2.59	4.63
(v) Bank fixed deposits having maturity less then 12 month held as margin money	17.77	17.81	13.70
(vi) Interest accrued on fixed deposit	69.98	12.37	11.29
(vii) FPS/MEIS licence in hand	449.23	-	-
TOTAL	**766.77**	**162.45**	**275.62**

11. OTHER CURRENT ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) CENVAT receivable	259.12	748.82	1,430.91
(ii) Service tax receivable	554.14	414.64	303.76
(iii) Prepaid expenses	211.77	166.97	154.41
(iv) Advances receivable	1,420.37	883.39	221.87
	2,445.41	2,213.82	2,110.95
Add: Considered doubtful	-	-	-
	2,445.41	2,213.82	2,110.95
Less: Written-off	-	-	-
TOTAL	**2,445.41**	**2,213.82**	**2,110.95**

12. CURRENT TAX ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Income tax (net)	-	161.79	41.98
TOTAL	**-**	**161.79**	**41.98**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

13. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Authorised Shares			
a) **Equity Shares**			
8,50,00,000 (P.Y. 8,50,00,000)	850.00	850.00	850.00
	850.00	**850.00**	**850.00**
Issued, Subscribed & Fully paid up Shares			
a) **Equity Shares**			
Opening Balance	771.02	771.02	771.02
Changes during the year	30.25	-	-
Closing Balance	**801.27**	**771.02**	**771.02**
Shares 8,01,26,904 (March 31, 2016 shares 7,71,01,904, face value of Re 1/- each) (April, 01, 2015 shares 3,85,50,953 face value of Rs 2/- each par value)			
	801.27	**771.02**	**771.02**

13(a) Reconciliation of the number of shares.

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	77,101,904	771.02	38,550,952	771.02
Add : Issued during the year (P.Y. on account of share split and face value of Rs 2/- to face value Re 1/- each)	3,025,000	30.25	38,550,952	-
Shares outstanding at the end of the year	**80,126,904**	**801.27**	**77,101,904**	**771.02**

13(b) Rights, Preferences and restrictions attached to each class of Shares:

Equity Shares:

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

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

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

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

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No of Shares	% Held	No of Shares	% Held
1) Vishnukant .C. Bhutada	8,086,012	10.09	8,563,101	11.11
2) Kantadevi Inani	6,455,736	8.06	38,39,640	4.98
3) Dharmavati Bhutada	6,207,796	7.75	4,142,766	5.37
4) Tano Mauritius India FVCI II	6,179,506	7.71	7,179,506	9.31
5) Baring India Private Equity III Limited	6,000,000	7.49	6,000,000	7.78
6) Kamalkishor Inani	4,823,828	6.02	3,748,828	4.86

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

Particulars	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
1) Bonus Shares in the ratio of 2:1. i.e. for every 02 shares 1 share alloted as Bonus in the last five year.	-	-	12,262,085	-	-

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

14. FINANCIAL LIABILITIES

(I) LONG TERM BORROWINGS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Term loans (Secured)			
i. From banks			
a) External commercial borrowings (ECB)	9,117.93	-	1,564.77
Nature of Security			
a) ECB of USD 15 Million is taken from Standard chartered bank, London(SCB) during the year, and the said facility is secured by hypothecation of moveable and immovable fixed asset of SEZ unit and plant & machinery of Deosugur unit, including proposed capex created out of such loan and personal guarantees given by 02 of its Directors. The Company had entered into hedge contract with bank on the said facility.			
Terms of Repayment & Interest Rate:			
Repayment of ECB loan from SCB have a moratorium period of 15 months and would be repayable in 16 quarterly installments with the final installment falling due at the end of the 60th month from the date of grant of loan. The loan is repayable quarterly installment of Rs 623.43 Lakhs with fixed interest at 8.90% p.a payable monthly.			
Nature of Security			
b) ECB of USD 10 Million is taken from Standard Chartered Bank, London (SCB) and is secured by hypothecation of Immovable fixed asset (USD 6 Million) of SEZ and (USD 4 Million) movable fixed assets located at Raichur plant, including proposed Capex created out of such loan and guarantees given by 02 of its Directors.			
Terms of Repayment & Interest Rate:			
Repayment of ECB Loan from SCB have a moratorium period of 12 months and would be repayable in 8 half yearly installments with the final installment falling due at the end of 60th month from the date of grant of loan. The loan is repayable on the basis of 12.50% of the drawdown amounts as at the defined date. Further, ROI is charged @Libor + 350 bps. The final installment of ECB loan paid on 27.03.2017			
b) Term Loan	5,000.00	-	-
Nature of Security			
a) Term loan of Rs 500 Million taken from HSBC,Bangalore and is secured by first pari passu charge on the fixed assets of Unit -I situated at Deosugur and Unit-II Chicksugur and personal guarantees given by 02 of its Directors.			
Terms of Repayment & Interest Rate:			
Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 08 half yearly installments of Rs 62.50 Million with the final installment falling due at the end of the January- 2022 Interest payable 01 year MCLR+0.50% per annum payable monthly.			
b) **Term Loan : Wind Turbine Generators Machine**			58.05
Term loan sanctioned by LVB is Rs.13.00 Crs on 02.12.2013. The said loan is primarily secured by hypothecation over 04 800 KW Wind Turbine Generators proposed to be installed out of such funds and Collateral security of windmills already existing with the Company alongwith personal guarantees of 02 of its Director.			
Terms of Repayment & Interest Rate:			
It is repayable in 36 equal monthly installments with a moratorium period of three months from the date of commissioning or six months from the date of first drawdown whichever is earlier alongwith interest @ LVB Base Rate + 0.75% margin p.a. Currently rate of interest charges at 12%. The Last Instalment falls due on July 2017.			
TOTAL	**14,117.93**	**-**	**1622.82**

(Contd.)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

FINANCIAL LIABILITIES (CONTD.)

(II) OTHER FINANCIAL LIABILITY

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Interest rate swap	-	13.36	45.95
Capital subsidy	112.23	123.29	134.35
Corporate gurantee liability	36.14	70.91	71.30
Cross currency swap	429.33	-	-
TOTAL	**577.70**	**207.56**	**251.60**

15. PROVISIONS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Provision for gratuity	501.81	390.00	331.45
(ii) Provision for leave encashment	53.53	41.59	42.69
TOTAL	**555.34**	**431.59**	**374.14**

16. DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Deferred tax liability	6,597.56	5,465.73	4,396.56
(On account of timing difference of depreciation)	-	-	-
Deferred tax asset	(283.54)	(176.08)	(166.68)
(On account of disallowable items under Income Tax Act)	-	-	-
TOTAL	**6,314.02**	**5,289.65**	**4,229.88**

17. FINANCIAL LIABILITY

(I) BORROWINGS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Secured loan			
a) Working capital loan.			
From Banks			
(i) Standard chartered bank [refer note 'a' & 'e'(i) below]	600.38	816.09	3,646.17
(ii) Standard chartered bank [refer note 'a' & 'e'(ii) below]	4,167.93	3,246.52	624.36
(iii) Citi Bank [refer note 'b' & 'e'(iii) below]	4,035.79	2,896.76	813.68
(iv) HSBC [refer note 'c' & 'e'(iv) below]	-	-	-
(v) Axis Bank [refer note 'd' & 'e'(v) (vi) below]	-	-	-
Nature of Security			
a) Working capital loan from Standard chartered bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 Directors.			
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 Directors. The sanction facility is interchangeably as PCFC/ cash credit and applicable interest will be charged.			

(Contd.)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

FINANCIAL LIABILITY

(I) BORROWINGS (CONTD.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
c) Working capital loan of Rs 100 Million sanctioned from HSBC has not been availed during the year, and it is secured by first pari passu charge on current assets and charge on fixed assets situated at unit-I and unit-II (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 Directors.			
d) Working capital loan of Rs 100 Million sanctioned from Axis Bank has not been availed during the year, and it is secured by first pari passu charge on current assets present and future, and charge on movable & immovable fixed assets situated at Unit -1 Deosugaur in line with other working capital lenders and personal Gurantee of 02 Directors.			
e) **Interest rate as at March 31, 2017 is as under:**			
(i) 'On overdraft - 11%			
(ii) 'On PSFC/PCFC - Libor + 1%			
(iii) 'On PSFC/PCFC - Libor + 1%			
(iv) 'On overdraft - MCLR+0.95%			
(v) 'On overdraft - 03 months MCLR+0.75%			
(vi) 'PCFC/ PSFC- Libor + benckmark rate			
TOTAL	**8,804.10**	**6,959.37**	**5,084.21**

(II) TRADE PAYABLES [refer note no.46]

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Trade payables	9,821.43	9,201.70	8,537.03
(ii) Trade payables - Capital goods	500.09	617.95	745.01
TOTAL	**10,321.51**	**9,819.66**	**9,282.05**

(III) OTHER FINANCIAL LIABILITY

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Current maturities of long-term debt	607.86	1,658.28	1,998.10
(ii) Interest accrued but not due on borrowings.	63.24	0.67	1.84
(iii) Unclaimed dividends	18.15	15.32	12.73
(iv) Employee expenses payable	3.74	-	-
(v) Book overdraft	41.67	458.73	537.41
(vi) Interim dividend payable	37.31	1.59	-
TOTAL	**771.96**	**2,134.59**	**2,550.08**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

18. OTHER CURRENT LIABILITY

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Advances from Customers	99.86	146.26	92.70
(ii) Tax deduction at source	340.41	261.22	208.74
(iii) Service tax	4.13	5.44	3.90
(iv) VAT, Entry tax, ESI, & Professional tax	12.13	7.73	8.72
(v) Security/Trade deposit	11.00	14.54	11.50
(vi) Unclaimed bonus & salary	5.44	4.16	5.19
TOTAL	**472.97**	**439.35**	**330.74**

19. PROVISIONS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Provident fund payable	54.34	46.15	33.99
(ii) Employee benefit liability	1,150.14	745.10	728.10
(iii) Provision for expenses	251.58	388.05	326.14
TOTAL	**1,456.06**	**1,179.30**	**1,088.24**

20. CURRENT TAX LIABILITY (NET)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(a) Income tax (net)	107.99	-	-
TOTAL	**107.99**	**-**	**-**

21. REVENUE FROM OPERATIONS

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Sales of Products	66,988.34	59,672.74
(ii) Sales of FPS/MEIS licences	1,753.89	-
(iii) Energy sales	482.32	575.58
TOTAL	**69,224.55**	**60,248.32**
(i) Bulk Drugs/Intermediates	61,035.92	58,736.43
(ii) Formulation	4,543.35	-
(iii) FPS/MEIS licences	1,753.89	-
(iv) Power	482.32	575.58
(v) Trading	924.12	757.96
(vi) Others	484.95	178.35
TOTAL	**69,224.55**	**60,248.32**

22. OTHER OPERATING REVEUNES

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Product development charges	4,540.35	7,889.04
TOTAL	**4,540.35**	**7,889.04**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

23. OTHER INCOME

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Interest Income on :		
a) Deposit with bank	8.64	11.36
b) Others	408.08	306.27
(ii) Liabilities written back	20.29	-
(iii) Provision written back	1.63	2.62
(iv) Income from sale of carbon credits (Net)	0.65	-
(v) Dividend from current investments	9.18	3.97
(vi) Entry tax refund	19.47	-
(vii) Interest rate swap on ECB	13.36	32.59
(viii) Gain on sale of current investment	998.06	565.53
(ix) Corporate guarantee fees	30.30	32.59
(x) Government grant	11.06	11.06
(xi) Other miscellaneous income	153.15	148.13
TOTAL	**1,673.86**	**1,114.11**

24. COST OF RAW MATERIAL & PACKING MATERIAL CONSUMED

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Inventory at the beginning of the year	6,597.44	6,747.26
Add: Purchases	40,772.53	35,896.93
Less: Inventory at the end of the year	7,162.13	6,597.44
Cost of raw materials and packing materials consumed	**40,207.84**	**36,046.75**
Material consumed comprises of :		
i) Raw material	39,903.59	35,822.83
ii) Packing material	304.25	223.92
TOTAL	**40,207.84**	**36,046.75**

25. PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Purchase of Medicines / Bulk Drugs/ Capital Goods/ Others	736.49	381.00
TOTAL	**736.49**	**381.00**

26. CHANGES IN INVENTORIES OF FINISHED GOODS,TRADED GOODS AND WORK-IN-PROCESS

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening Inventories		
(i) Finished goods	44.84	304.67
(ii) Work-In-process	5,285.73	4,771.16
Closing Inventories	-	-
(i) Finished goods	87.44	44.84
(ii) Work-In-process	9,308.27	5,285.73
(Increase)/decrease in inventory	(4,065.13)	(254.74)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

27. EMPLOYEE BENEFITS EXPENSES

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Salaries, wages and bonus	8,371.90	6,297.43
(ii) Contribution to provident/gratuity and other funds	505.42	336.93
(iii) Staff welfare expenses	126.28	92.85
TOTAL	**9,003.59**	**6,727.21**

28. FINANCE COSTS

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest expense on :		
i) Working capital facilities	219.84	173.16
ii) Term loans	41.26	147.67
iii) Others	3.42	6.36
TOTAL	**264.52**	**327.19**

29. OTHER EXPENSES

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(a) Power and fuel	2,441.04	2,053.74
(b) Repairs and maintenance		
(i) Buildings	299.54	182.04
(ii) Plant and machinery	1,092.60	745.35
(iii) Others	67.21	64.74
(c) Rent	157.23	160.08
(d) Exchange (gain)/ loss	(993.96)	140.59
(e) Rates, taxes and fees	53.23	42.14
(f) Insurance	74.69	92.11
(g) Travelling and conveyance	192.80	198.12
(h) Contract labour charges	674.72	579.90
(i) Legal & Professional fees	392.88	288.38
(j) Facility fees	214.86	103.90
(k) Payments to auditors [refer note no.40]	15.50	13.00
(l) Research and development expenses	2,198.44	2,111.18
(m) Transportation Charges	230.45	236.08
(n) Commission and brokerage	146.28	346.92
(o) Job work charges	8.40	66.73
(p) Directors fees	2.90	2.30
(q) Sales promotion and advertisement expenses	53.70	45.79
(r) Bad debts / advances written-off	65.19	11.21
(s) Clearing and forwarding expenses	233.98	276.19
(t) Loss on sale /discard of assets.	3.04	2.00
(u) VAT and entry tax	14.35	55.33
(v) CSR expenditure [refer note no.38]	193.07	-
(w) Capital advances written-off	282.01	-
(x) Miscellaneous expenses	668.39	417.01
TOTAL	**8,782.54**	**8,234.83**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

30. EXCEPTIONAL EXPENSES

	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a)	Impairment in value of investments in subsidary	454.15	-
b)	Loss of sale of investment in JV	-	241.96
	TOTAL	**454.15**	**241.96**

31. CONTINGENT LIABITIES AND COMMITMENTS

	Particulars	As at 31st March, 2017	As at 31st March, 2016
(i)	Foreign letter of credit	530.31	293.21
(ii)	Bank guarantees & Corporate guarantee*	10693.86	10633.29
(iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1798.05	811.14
(iv)	Claims against the Company not acknowledged as debts	160.49	-
	TOTAL	**12822.22**	**10,206.98**

*The outstanding Liability against the Corporate Guarantee given for one of its Joint Venture is Rs.7501.14 Lakhs (PY 9092.63 Lakhs)

32. EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLAN

Particulars	As at 31st March, 2017	As at 31st March, 2016
Provident Fund	336.84	263.68
Defined Benefit Plan (Gratuity)		
Movement of present value of the defined benefit obligation		
Obligations at period beginning	**552.91**	**511.61**
Service cost	102.15	42.17
Interest on defined benefit obligation	44.23	39.48
Benefits settled	-	(9.53)
Actuarial (gain)/loss	(8.12)	(30.82)
Obligations at period end	**691.17**	**552.91**
Change in plan assets		
Plans assets at period beginning, at fair value	**162.92**	**122.93**
Difference in opening balance		
Expected return on plan assets	11.91	9.86
Actuarial gain/(loss)	(11.91)	(1.08)
Employer contribution	-	40.75
Benefits payout	-	(9.53)
Plans assets at period end, at fair value	**162.92**	**162.92**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing PBO	691.17	552.91
Closing fair value of plan assets	162.92	162.92
Closing funded status	**(528.26)**	**(390.00)**
Unrecognised actuarial (gains)/losses		
Net asset/(liability) recognized in the balance sheet	**(528.26)**	**(390.00)**
Expenses recognised in the P & L account		
Service cost	102.16	42.17
Interest cost	44.23	39.48
Expected return on plan assets	11.91	(9.86)
Actuarial (gain)/loss	(176.61)	(30.82)
Net gratuity cost	**(18.31)**	**40.98**
Experience adjustment on plan assets	(11.91)	(1.08)
Experience adjustment on plan liabilities	(176.61)	(30.82)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

EMPLOYEE BENEFITS (CONTD.)

B. PRINCIPAL ACTUARIAL ASSUMPTIONS

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest rate Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7%	8%
Expected rate of return on assets	7%	8%
Salary increase (taking into account inflation, seniority, promotion and other relevent factor)	8%	10%
Attrition rate of employees	5%	5%
Retirement age of employees (Years)	58.00	58.00

Actuarial gain/loss is recognised immediately. The estimates of salary increase,inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Sensitivity analysis

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	31st March, 2017	
	Increase	Decrease
Discount rate	(58.75)	67.74
Salary increase	51.05	(51.15)
Attrition rate	(7.42)	4.15

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points, keeping all other actuarial assumptions constant.

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33. FAIR VALUE MEASURMENT HIERARCHY:

	Carrying Amount				Fair Value			
Financial Assets	**FVTPL**	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level-3**	**Total**
31/03/2017								
Non-current investments	-	-	10,177.58	10,177.58	-	-	-	-
Loans	-	-	4,410.04	4,410.04	-	-	-	-
Current investment	22,462.25	-	-	22,462.25	22,462.25	-	-	22,462.25
Trade receivable	-	-	16,650.25	16,650.25	-	-	-	-
Cash & bank balance	-	-	8,865.38	8,865.38	-	-	-	-
Other bank balance	-	-	55.46	55.46	-	-	-	-
Other financial assets	-	-	1,029.04	1,029.04	-	-	-	-
Total	**22,462.25**	**-**	**41,187.75**	**63,650.00**	**22,462.25**	**-**	**-**	**22,462.25**
Financial Liability.								
Borrowings	-	9,117.93	13,804.10	22,922.03	-	9,117.93	-	9,117.93
Trade payables	-	-	10,321.51	10,321.51	-	-	-	-
Other financial liabilities	-	607.86	164.10	771.96	-	607.86	-	607.86
Total	**-**	**9725.79**	**24,289.72**	**34,015.51**	**-**	**9,725.79**	**-**	**9,725.79**
Particulars	**FVTPL**	**FVTOCI**	**Amoritised Cost**	**Total**	**Level 1**	**Level 2**	**Level-3**	**Total**
31/03/2016								
Non-current investments	-	-	9,405.47	9,405.47	-	-	-	-
Loans	-	-	2,875.40	2,875.40	-	-	-	-
Current investment	5,963.07	-	-	5,963.07	5,963.07	-	-	5,963.07
Trade receivable	-	-	11,197.52	11,197.52	-	-	-	-
Cash & bank balance	-	-	549.18	549.18	-	-	-	-
Other bank balance	-	-	16.91	16.91	-	-	-	-
Other fianacial assets	-	-	381.11	381.11	-	-	-	-
Total	**5,963.07**	**-**	**24,425.60**	**30,388.67**	**5,963.07**	**-**	**-**	**5,963.07**
Financial Liability.								
Borrowings	-	-	6,959.37	6,959.37	-	-	-	-
Trade payables	-	-	11,197.52	11,197.52	-	-	-	-
Other financial liabilities	-	-	2,134.59	2,134.59	-	-	-	-
Total	**-**	**-**	**20,291.48**	**20,291.48**	**-**	**-**	**-**	**-**

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Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation technique used to determine fair value:

1. The use of quoted market prices or dealer quotes for similar instruments.
2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
3. The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

34. Financial Risk Management

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance.

A Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently,the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	31-Mar-17			31-Mar-16		
	USD	EURO	GBP	USD	EURO	GBP
Financial Assets						
Loan	-	5.06	6.41	-	-	-
Trade receivables	102.78	7.02	-	82.00	-	-
Cash and cash equivalents	9.21	-	-	4.95	-	-
Other financial assets	-	-	-	-	-	-
Financial liabilities						
Long term borrowings	-	-	-	-	-	-
Short-term borrowings	(126.52)	-	-	(102.16)	-	-
Trade payables	(119.50)	-	-	(106.57)	-	-
Other current financial liabilities	-	-	-	(25.01)	-	-
	(134.03)	**12.08**	**6.41**	**(146.79)**	**-**	**-**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges.

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	March, 31,2017	March, 31,2016	March, 31, 2017	March, 31, 2016
USD-Sensitivity				
Increase by 1% (loss)	(86.90)	(97.37)	-	-
Decrease by 1% gain	86.90	97.37	-	-
Euro-Sensitivity				
Increase by 1% gain	3.50	-	-	-
Decrease by 1%(loss)	(3.50)	-	-	-
GBP-Sensitivity				
Increase by 1% gain	5.17	-	-	-
Decrease by 1%(loss)	(5.17)	-	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/ income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period year ended March 31, 2017 and March 31, 2016, respectively.

Particulars	31st March, 2017	31st March, 2016
Change in 0.50% interest on WCL	44.02	34.80

Note: 1) ECB loan availed during the reporting period are hedged with the SCB bank, hence no interest rate risk is involve in ECB.

2) Interest on term loan from HSBC availed during the reporting period is not considered for interest rate risk as interest on such term loan is capitalized till the assets are put to use and not charged to profit & loss account.

(iii) Price Risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. "To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Sensitivity analysis

Sensitivity analysis of 1% change in price of security as on reporting date

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	March, 31,2017	March, 31,2016	March, 31, 2017	March, 31, 2016
Current Investments				
Investment in mutual fund (1% change in price)"	224.62	59.63	-	-
TOTAL	**224.62**	**59.63**	**-**	**-**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises from its operation activity primarly from trade receivable and from its financial activity. Customer credit risk is controle by analysis of credit limit and credit worthness of the customer on a continuous basis to whom the credit has been granted

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered under letter of credit The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Two customer are accounted for more then 10% of the trade receivable as of 31st March ,17 and 2016, since the Company is dealing with both the customer from past several years, hence there is no significant risk in dealing with said customers.

(C) Liquidity risk

Liquidity risk is the risk that the Company will encount difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirment. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility.

Maturity profile of loans and other financial liabilities as on March 31,2017

Particilars	On Demand	< 01 Year	1 to 5 years	> 05 Years
Short term borrowings	8,804.10	-	-	-
Long term borrowings	-	-	13,492.93	625.00
Trade and other payable	-	10,321.51	-	-
Other financial liability	-	607.86	-	-
TOTAL	**8,804.10**	**10,929.37**	**13,492.93**	**625.00**

Maturity profile of loans and other financial liabilities as on March 31,2016

Particilars	On Demand	< 01 Year	1 to 5 years	> 05 Years
Short term borrowings	6,959.37	-	-	-
Long term borrowings	-	-	-	-
Trade and other payable	-	9,819.66	-	-
Other financial liability	-	1,658.28	-	-
TOTAL	**6,959.37**	**11,477.94**	**-**	**-**

35. CAPITAL MANAGEMENT

The company's objectives when managing capital are to

i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

ii) Maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Net Debt	14,664.51	8,068.47
Total Equity	95,599.28	66,458.96
Debt Equity Ratio	0.15	0.12

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

36. EARNINGS PER SHARE ('EPS')

Particulars	As at 31st March, 2017	As at 31st March, 2016
Earnings		
Profit for the year (before other comprehensive (income)/expenses)	12,659.05	11,286.26
Shares		
Basic outstanding shares	77,897,520	77,101,904
Diluted outstanding shares	77,897,520	77,101,904
Earning Per Shares		
Basic (in Rs)	16.25	14.64
Diluted (in Rs)	16.25	14.64

37. Research and Development expenses eligible for weighted deduction under Income Tax Act 1961

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Raichur facility	Vizag facility	Raichur facility	Vizag facility
A) Eligiable				
(a) Capital Expenditure	215.13	223.52	128.73	236.67
(b) Revenue Expenditure				
i) Employee cost	802.25	1071.21	858.13	784.71
ii) Research & Development expenses	177.71	635.60	233.96	697.36
iii) Equipment Maintenance	66.37	(59.00)	41.63	54.85
iv) Power and Fuel	17.44	105.80	21.78	94.37
v) Lease Rent	-	98.00		102.00
vi) Other Expenses	24.89	124.10	10.60	125.76
Total-A	**1303.79**	**2317.23**	**1,294.83**	**2095.72**
Less : Revenue Income	-	340.00	-	309.17
Total (a+b)	**1303.79**	**1977.23**	**1294.83**	**1786.55**
B) In Eligible expenses				
a) Revenue expenditure				
i) Misc Expenses	14.40	131.96	16.61	16.02
ii) Depreciation	137.49	188.73	117.41	169.85
	151.89	320.69	134.02	185.87
b) Capital Expenditure	11.75	1.11	-	5.86
TOTAL-B	**163.63**	**321.80**	**134.02**	**191.73**
TOTAL (A+B)	**1467.41**	**2299.03**	**1,428.85**	**1978.28**

38. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a Company, has to spend 2% of its average net profits of three immediate preceding financial year. The Company has created trust by name 'Shilpa Foundation' to commit the expenditure under the various activity like setting-up of Orphanage home to provide scholarship/education funds to merit and needy students to provide purified and safe drinking water, green project with local bodies/NGO to make eco friendly enviroment.

	Particulars	(Rs in Lakhs)
(i)	Gross amount required to be spent by the Company during the year	245.63
	Less : Amount spent during the year.	193.07
	Balance to be spent	**50.56**

The Company has transferred Rs. 327.28 lakhs to "Shilpa Foundation" during the year. The amount of earmarked fund is insufficient to kick start the project,the committee has set aside the fund to take up the project when sufficient fund are available for initiating the project.

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

39. INCOME TAX

Reconciliation of tax expenses and the accounting profit multiplied by Tax Rate

	Particulars	As at 31st March, 2017	As at 31st March, 2016
i)	**Amount recoginised in statement of profit & loss account**		
	Current tax	3,632.26	3,035.51
	MAT credit entitlement	(288.20)	(501.29)
	Deferred tax expenses (Income) - relating to origination and reversal of temporary differences	1,025.68	1,049.48
	Tax expenses for the year.	**4,369.74**	**3,583.69**
ii)	**Reconcilation of effective tax rate**		
	Profit before tax	**17028.80**	**14869.96**
	Tax at enacted tax rate in India	5893.33	5054.30
	Expenses disallowed under Income Tax	330.41	94.62
	Weighted deduction on research and development expenditure	(1,287.30)	(1,171.00)
	Exempt income and other deductions	(573.47)	(685.43)
	Basis difference that will reverse during the tax holiday period	-	288.98
	Other	6.78	2.23
		4369.74	**3583.69**
	Effective tax rate	25.66%	24.10%

Movement of Deferred Tax Assets/Liabilities

Deffered Tax Liabilities **For the year ended 31, March-2016**	**Opening balance**	**Charge (Credit) to Profit & Loss account**	**Through OCI**	**Closing balance**
Property, plant and equipment, and intangible assets	4063.33	930.39		4,993.72
Capital subsidy accounted using Income Approach	29.86	3.83		33.69
Investments to be recognised at Fair Value through profit & loss	115.30	123.67		238.98
Others	188.07	11.28		199.35
Gross deferred tax Liability	**4,396.56**	**1,069.17**	**-**	**5,465.73**
Gross deferred tax assets				
Defined benefit obligations	132.11	10.72	(10.29)	132.54
Employees benefit liability	-	14.57		14.57
Fair valuation of Interest Rate Swaps	15.90	-	(11.28)	4.62
Leasehold land amortisation	18.66	5.69		24.35
Gross deferred tax assets	**166.68**	**30.98**	**(21.57)**	**176.08**
Net Liability	**4,229.89**	**1,038.30**	**(21.57)**	**5,289.65**

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

Movement of Deferred Tax Assets/Liabilities

Deffered Tax Liabilities For the year ended 31, March-2017	Opening balance	Charge (Credit) to Profit & Loss account	Through OCI	Closing balance
Property, plant and equipment, and intangible assets	4,993.72	942.75		5,936.47
Capital subsidy accounted using Income Approach	33.69	3.83		37.52
Investments to be recognised at Fair Value through profit & loss	238.98	174.76		413.74
Others	199.35			199.35
Gross deferred tax liabilities	**5,465.73**	**1,131.83**	**-**	**6,597.56**
Gross deferred tax assets				
Defined benefit obligations	132.54	45.08		177.62
Employees benefit liabilities	14.57	18.52		33.09
Fair valuation of Interest Rate Swaps	4.62	(4.62)		-
Gain (loss) on hedge instrument	24.35	(9.94)		14.41
Cross currency swap	-	-	62.38	62.38
Gross deferred tax assets	**176.08**	**45.08**	**62.38**	**283.54**
Net Liability	**5,289.65**	**1086.75**	**62.38**	**6,314.02**

40. PAYMENT TO STATUTORY AUDITORS

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Statutory Audit	8.00	7.50
Tax Audit	3.50	2.50
Certification	4.00	3.00
Total	**15.50**	**13.00**

*Excluding applicable Tax

41. SEGMENT INFORMATION

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of "pharmaceutical poducts". In accordance with the provision of Ind AS -108 power segment in not falling in the prescribed limts specified under Ind-AS -108, hence segment reporting is not applicable.

(a) Information about Products and Services:

Product	Revenue from product
(i) Bulk Drug	25,510.51
(ii) Intermediate	35,525.41
(iii) others	8,188.63
Total	**69,224.55**

(b) Information about geographical areas

Geographical Information	Revenues	Non-current Assets
(A) Within India	22,316.09	68,495.50
(B) Outside India		
(i) Europe	36,740.97	-
(ii) USA	10,244.82	-
(iii) Others	4,463.01	-
Total	**73,764.89**	**68,495.50**

(c) Information about major customer

Revenue from transactions with a single customer exceeds 10 percent or more of entity's revenues in case of 2 customer.

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

42. Disclosure on Specified Bank Notes (SBNs)

Particulars	Specified Bank Notes#	Other denomination	Total
Closing cash in hand as on November 8, 2016	3.80	7.24	11.04
(+) Permitted receipts	-	32.30	32.30
(-) Permitted payments	-	25.26	25.26
(-) Amount deposited in Banks	3.80	-	3.80
Closing cash in hand as on December 30, 2016	-	14.28	14.28

#Specified Bank Notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

43. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below:

(i) Key Management Perosonnel

(a) Omprakash Inani (Chairman)
(b) Vishnukanth C. Bhutada (Managing Director)
(c) Vimal Kumar Shrawat (Chief Operating Officer)
(d) N.C Bhandari (Chief Financial Officer - Resigned)
(e) Rajendra Dugar (Chief Financial Officer)
(f) Sujani Vasireddy (Company Secretary - Resigned)
(g) Madhu Sudhan Reddy (Company Secretary)
(h) Ajay Vamuri (Company Secretary - Resigned)

(ii) Associates

a) Reva Pharmachem Pvt Ltd

(iii) Subsidiaries

(a) Zatortia Holdings Ltd (Wholly- owned Subsidary)
(b) Loba Feinchemie GmbH- (Step-down Subsidiary)
(c) Shilpa- Therapeutics Pvt. Ltd. (Wholly- owned Subsidary)
(d) INM Technologies Pvt Ltd. (Subsidary)
(e) Koanaa Healthcare Ltd U.K (Wholly- owned Subsidary)
(f) Koanaa Healthcare GmbH, Austria (Wholly- owned Subsidary)
(g) Makindus LLC. USA. (Subsidiary)

(iv) Joint Venture (JV)

a) Maia Pharmaceuticlas INC. USA
b) Raichem Medicare Pvt Ltd
c) Reva Medicare Pvt Ltd

Relatives

(a) Dharmavati Bhutada
(b) Deepak Kumar Inani
(c) Keshav Bhutada
(d) Madhav Bhutada
(e) Namrata Bhutada

(v) Enterprises having common Directors/Board of Trustees

a) Shilpa Foundation
b) Mohini Infra Pvt Limited

Sl. No.	Name of wathe related party	Relationship	Description of transaction	April 1, 2016 to March 31,2017 Income/ (Expenses) Other Transaction	Balance as at March,31,2017 (Payable)/ Receivable	April 1, 2015 to March 31,2016 Income/ (Expenses) Other Transaction	Balance as at March,31,2016 (Payable)/ Receivable
A	**Remuneration paid to Key Management Personnel**						
	Omprakash Inani	Chairman	Sitting fees	(0.40)	Nil	(0.30)	Nil
	Vishnukant.C. Bhutada	Managing Director	Salary and perquisites	(805.50)	(418.95)	(685.90)	(344.95)
	Vimal Kumar Shrawat	Chief Operating Officer	Salary and perquisites	(137.85)	(10.82)	(122.24)	(5.25)
	N.C Bhandari	Chief Financial Officer	Salary and perquisites	(7.69)	Nil	(17.90)	(0.73)
	Rajendra Dugar	Chief Financial Officer	Salary and perquisites	(17.04)	(2.04)	-	-
	Sujani Vasireddy	Company Secreatry	Salary and perquisites	(0.90)	Nil	(0.75)	(0.15)
	Madhu Sudhan Reddy	Company Secreatry	Salary and perquisites	(4.62)	(0.31)	-	-
	Ajay Vamuri	Company Secreatry	Salary and perquisites	-	-	(0.78)	(0.13)
	Others						
	Koanna Healthcare GmbH Austria	Wholly owned Subsidary					
			Sales of product / others	485.52	-	-	-
			Interest	2.74		-	
			Loan	-	348.98	-	-
	Koanna Healthcare Ltd United kingdom	Wholly owned Subsidary					
			Interest	28.45	-	-	-
			Loan		518.22	-	-
			Trade Receivable	-	-	-	575.28
	Shilpa- Therapeutics Pvt. Ltd.	Wholly owned Subsidary					
			Purchases of goods	(6.22)	-	-	-
			Interest	69.49		61.40	
			Loan		919.68		735.64
			Expenses incurred on behalf of the related party	-	-	1.12	-
			Corporate guarantee given	-	200.00	-	-
	Zatortia Holdings Limited	Wholly owned Subsidary					
			Advances	-	1.04	-	1.13
	INM Techlonogies Pvt Ltd	Subsidary					
			Sales	-	-	5.07	-
			Purchases of goods/others	(20.33)		-	
			Expenses incurred on behalf of the related party	18.09		83.24	-
			Trade Receivable	-	-	-	83.24
	Loba Feinchemie, GmbH.	Step-down Subsidary					

Sl. No.	Name of wathe related party	Relationship	Description of transaction	April 1, 2016 to March 31,2017 Income/ (Expenses) Other Transaction	Balance as at March,31,2017 (Payable)/ Receivable	April 1, 2015 to March 31,2016 Income/ (Expenses) Other Transaction	Balance as at March,31,2016 (Payable)/ Receivable
			Sales	-	-	0.26	-
			Expenses incurred on behalf of the related party	14.39		-	
			Trade Receivable				0.26
	Raichem Medicare Pvt.Ltd.	Joint Venture					
			Purchases of goods	(4,001.70)		(787.46)	
			Sales of product / others	2644.96		78.85	
			Advances for supply / Trade receivable		3081.51		
			Interest	236.80		213.42	
			Loans		1271.58		1921.43
			Expenses incurred on behalf of the related party			0.57	
			Guarnatee given#		10493.80		10633.29
	Reva Pharmachem Pvt Ltd	Associates	Sales	14.19			
			Commission	(13.00)		(2.87)	
			Interest	20.15		18.63	
			Loan		175.34		217.21
			Expenses incurred on behalf of the related party	3.00		3.00	
	Maia Pharmaceuticals Inc.USA	Joint Venture	Sales	2.48			
			Trade receivable		156.44		157.55
	Shilpa Foundation	Trust in which key management are the board of trustees Director are Trestee	CSR Expenditure	(327.98)			
			Donations	(3.95)		(1.50)	
	Deepak Kumar Inani	Relative	Remuneration	(22.14)	(1.30)	(22.18)	(1.19)
	Keshav Bhutada	Relative	Remuneration	(5.38)	(0.73)		
	Madhav Bhutada	Relative	Remuneration	(5.38)	(0.73)		
	Keshav Bhutada	Relativer	Rent	(0.90)	0.00		
	Madhav Bhutada	Relative	Rent	(0.90)	0.00		
	Dharnavati Bhutada	Relative	Rent	0.00	0.00	(2.06)	
	Mohini Infra Pvt Ltd	Company in which key management are the Director	Rent	(26.30)		(16.87)	

a) The above disclosures include related parties as per Ind AS 24 on Related Party Disclosures.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

#The outstanding laibilities against corporate guarantee given to Raichem Medicare (P) Ltd. is Rs. CY 7501.14 (P.Y. 9092.63)

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

44. OPERATING LEASE

The company has set up its formulation unit located at Jadcherla on leased land taken under operating lease for a period of 33 years from Telangana State Industrial Infrastructure Corporation Ltd (TSIIC) which is extendable for another period of 33 years upon mutual consent on the expiry of the original lease period of 33 years.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Less than one year	16.72	16.72
Between one and five years	66.88	66.88
Total	**83.60**	**83.60**

45. FOREIGN CURRENCY TRANSACTIONS

(i) Earning in foreign currency

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Product	44067.78	43604.22
Service	2789.46	6427.02
Others	55.40	-
Total	**46912.65**	**50031.24**

(ii) Expenditure in foreign currency

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Import of raw material/capital goods	31335.64	32547.43
Others	3161.42	1719.44
Total	**34497.06**	**34266.87**

(iii) Dividend remitted in foreign currency.

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(a) Number of share holders	1	1
(b) Number of equity shares held.		
(i) 2014-15	-	3000000
(ii) 2015-16	6000000	6000000
(iii) 2016-17	6000000	
(c) Amount of Dividend Paid		
(i) 2014-15	-	33.00
(ii) 2015-16	36.00	36.00
(iii) 2016-17	36.00	

Notes Forming Part of Standalone Financial Statement for the Year Ended 31st March, 2017

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

46. Amount payable under the "Micro, Small and Medium Enterprises Development Act, 2006" is based on the information received by the Company. Amount due to such vender as at Balance Sheet date is C.Y Rs 185.31 P.Y (Rs 0.12) Lakhs Included in trade payable refer note 17 (ii)

47. Out of the sum of Rs 48.27 lakhs(P.Y 48.27) the Company is in the process of filing appeal before the Karnataka Appellate Tribunal for refund of input tax paid on Capital Goods amounting to Rs.26.48 lakhs (PY: Rs.26.48) lakhs and Rs. 2.43 Lakhs paid on regular consumable items which in its opinion are allowable under the Act, however disallowed by the assessing authority under Karnataka Value Added Tax Act, 2003 The same is shown under note 8(b)(ii)

48. The Company had allotted 3025000 Equity shares on 26/12/2016 on preferential basis and the same have been considered for the purpose of computing EPS for the current year.

49. Balances of trade receivables/trade payables/advances and security deposits are subject to confirmation.

50. Figures of the previous year/quarter have been regrouped/rearranged wherever necessary.

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN : 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Rajendra Dugar
Chief Financial Officer
M.No. 056677

INDEPENDENT AUDITOR'S REPORT

To the Members
Shilpa Medicare Limited

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

We have audited the accompanying consolidated Ind AS financial statements of Shilpa Medicare Limited (hereinafter referred to as the Holding Company/ Company), its subsidiaries, Joint Ventures, (the Holding Company and its subsidiaries together referred to as the Group') and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (Including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the consolidated Ind AS financial statements).

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under, as applicable.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the consolidated financial position of the

Group as at 31 March 2017, and its associates and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Other Matters

a) The financial Statements of M/s. Shilpa Therapeutics Private Limited (formerly known as Nu Therapeutics Pvt Ltd), Indian subsidiary, is audited by other auditor as per the requirement of The Companies Act 2013 and whose reports have been furnished to us and that our opinion is based solely on the reports of the other auditor. The financial statements of this entity reflect total assets of Rs.1,404.12 Lakhs as at 31st March, 2017, total revenue of Rs.366.04 Lakhs and net loss of Rs. 149.55 Lakhs for the year then ended.

b) The financial Statements of M/s. Zatortia Holdings Limited, A wholly owned foreign subsidiary, is audited by other auditors as per the requirement of the International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law. These financial statements have been converted as per the requirements of Indian GAAP and it reflect total assets of Rs.2,297.21 Lakhs as at 31st March, 2017, total revenue of Rs. Nil and net loss of Rs.3.54 Lakhs for the year then ended

c) We are informed that as per the Austrian Act M/s. Loba Feinchemie AG (GmbH), foreign sub-subsidiary is a "small Company with a limited liability (GmbH) and is exempted from audit for the period.

   The financial Statements of M/s. Loba Feinchemie AG (GmbH), foreign sub-subsidiary, are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

   The above unaudited financial statements reflect total assets of Rs.3,420.27 Lakhs as at 31st March, 2017 and total revenue of Rs.4,920.77 Lakhs and net profit of Rs.250.45 Lakhs for the year then ended..

d) The financial Statements of M/s. Koanaa Healthcare Limited, UK, a wholly owned foreign subsidiary, are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

   The financial statements of this entity reflect total assets of Rs.107.16 Lakhs as at 31st March, 2017 and total revenue of Rs.0.01 Lakhs and net loss of Rs.35.65 Lakhs for the year then ended.

e) The financial Statements of M/s. Koanaa Healthcare GmbH, a wholly owned foreign subsidiary, are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

   The financial statements of this entity reflect total assets of Rs.792.27 Lakhs as at 31st March, 2017 and total revenue of Rs.13.95 Lakhs and net loss of Rs.635.86 Lakhs for the year then ended.

f) The financial Statements of M/s. Makindus Inc foreign subsidiary are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

   The financial statements of this entity reflect total assets of Rs.17.66 Lakhs as at 31st March, 2017 and total revenue of Rs.0.45 Lakhs and net loss of Rs.179.52 Lakhs for the year then ended.

g) The financial Statements of M/s. Maia Pharmaceuticals Inc foreign Joint Venture are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

   The Consolidated Ind AS financial statements include Group's share of net profit of Rs.223.17 Lakhs for the year ended in respect of the above entity.

Our opinion is not qualified in respect of other matters.

Report on Other Legal and Regulatory Requirements

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and reports of other auditors;

   c. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of Cash Flows and statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

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

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

   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-A"; and

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the other auditors on the separate financial statements and other financial information of the subsidiary company as noted in the 'Other Matters' paragraph

      i. the Consolidated Ind AS financial statements disclose the impact of pending litigations if any, on the consolidated financial position of the group and its associates.

      ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India.

      iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements with regards to its holding and dealings in Specified Bank Notes (SBN) as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer note No. 40 of Consolidated Ind AS financial statements.

For **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 008127S/S200013

per **CA Yogesh. R. Bung**
Partner
Membership Number: 143932

Place : Raichur
Date : 29th May, 2017

Annexure-A - to the Independent Auditors report of even date on the Consolidated Ind AS Financial Statements of Shilpa Medicare Limited.

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of Shilpa Medicare Limited (hereinafter referred to as "the Holding Company/the Company") and its subsidiary company which is incorporated in India, which has been audited by us, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) 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 to the best of our information and according to the explanations given to us, the Holding Company and its Subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls systems over financial reporting and that such internal financial controls over financial reporting were generally operating effectively as at 31st March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 1 subsidiary company, which is incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm Registration Number: 008127S/S200013

per **CA Yogesh. R. Bung**
Partner
Membership Number: 143932

Place : Raichur
Date : 29th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

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

	Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
A	**ASSETS**				
	Non- current assets				
	(a) Property, plant & equipment.	3	42,455.75	37,543.52	28,851.53
	(b) Capital work- in- progress	4	8,965.99	9,161.31	9,016.55
	(c) Goodwill		981.73	1063.65	889.57
	(d) Intangiable assets	5	818.96	733.63	492.42
	(e) Intangiable assets under development	6	290.04	28.46	-
	(f) Financial assets	7			
	(i) Investments		2,899.34	3,414.96	2,553.49
	(ii) Loans		762.95	1,667.11	1,729.34
	(iii) Other		307.86	264.74	246.15
	g) Other non-current assets	8	6,733.81	3,790.62	3,310.73
	Total non- current assets		**64,216.44**	**57,667.99**	**47,089.78**
	Current assets				
	(a) Inventories	9	18,979.89	13,422.76	13,078.29
	(b) Financial assets	10			
	(i) Investment		22,462.36	5,963.17	6,868.57
	(ii) Trade receivables		17,092.56	12,542.69	10,953.94
	(iii) Cash and cash equivalents		9,594.94	1,085.89	885.61
	(iv) Other bank balance		55.46	16.91	12.73
	(v) Loan		1,804.96	397.08	115.77
	(vi) Others		766.77	162.45	275.62
	(c) Other current assets	11	2,608.75	1,692.82	2,175.93
	(d) Current tax assets (net)	12	-	137.20	39.62
	Total current assets		**73,365.69**	**35,420.98**	**34,406.08**
	TOTAL ASSETS		**137,582.12**	**93,088.98**	**81,495.86**
B	**EQUITY AND LIABILITIES**				
	Equity				
	(a) Equity share capital	13	801.27	771.02	771.02
	(b) Other equity		90,821.70	63,155.30	53,448.14
	(c) Non-Controlling Interest		(240.56)	233.40	387.48
	Total equity		**91,382.41**	**64,159.72**	**54,606.63**
	Liabilities				
	Non- current Liabilities				
	(a) Financial Liabilities	14			
	(i) Borrowings		14,119.98	3.04	1,626.67
	(ii) Other financial liability		591.79	222.98	268.35
	(b) Provisions	15	1,688.88	1,395.68	1,160.40
	(c) Deferred tax liabilities (net)	16	6,175.63	5,100.87	4,081.39
	Total non current financial liability		**22,576.28**	**6,722.57**	**7,136.84**
	Current liabilities				
	(a) Financial liabilities	17			
	(i) Borrowings		9,240.84	7,409.94	5,846.62
	(ii) Trade payables		11,120.89	10,647.80	9,699.11
	(iii) Other		772.99	2,136.50	2,550.82
	(b) Other current liability	18	1,925.92	1,512.38	1,230.60
	(c) Provisions	19	403.32	500.08	425.26
	(d) Current tax liability (Net)	20	159.47	-	-
	Total Current liabilities		**23,623.43**	**22,206.69**	**19,752.40**
	TOTAL EQUITY & LIABILITIES		**137,582.12**	**93,088.98**	**81,495.86**

The accompanying notes form an integral part of the Consolidated financial statements Note no - 01 to 48

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

For and on behalf of the Board of Directors

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

Omprakash Inani
Chairman
DIN : 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Rajendra Dugar
Chief Financial Officer
M. No. 056677

Consolidated Statement of Profit and Loss for the Year ended 31st March, 2017

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

Particulars	Notes	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue			
(a) Revenue from operations	21	73,472.30	64,328.25
(b) Other operating revenues	22	4,883.95	7,888.66
Revenue from operations		**78,356.25**	**72,216.91**
(c) Other Income	23	1,800.28	1,135.98
Total Revenue		**80,156.53**	**73,352.89**
Expenses			
(a) Cost of materials consumed	24	41,096.48	36,764.01
(b) Purchases of stock-in trade	25	737.50	381.00
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade	26	(4,646.46)	(222.42)
(d) Employee benefits expense	27	12,637.37	9,008.82
(e) Finance costs	28	269.41	393.30
(f) Depreciation	3 & 5	3,002.14	2,313.88
(g) Excise duty expenses		465.37	573.79
(h) Other expenses	29	10,523.24	9,712.66
Total Expenses		**64,085.05**	**58,925.04**
Profit before Exceptionail item share of Profit (loss) in joint venture and minority interest and tax		**16,071.48**	**14,427.85**
Exceptional (income) / expense	30	454.15	241.96
Share of Profit/(Loss) in Joint Venture/ Associates		(513.61)	(149.71)
Profit before tax		**15,103.71**	**14,036.18**
Tax expenses			
Current tax		3,679.37	3,053.99
Less: Mat credit entitlement		(288.20)	(501.29)
		3,391.17	2,552.70
Tax pertaining to earlier years			
Deferred Tax		1,076.08	1,009.21
Total Tax expenses		**4,467.25**	**3,561.91**
Profit for the Period		**10,636.46**	**10,474.28**
Share of Non- Controling Interest		(268.67)	(359.94)
Profit before others comprehensive Income (Expenses)		10,905.13	10,834.21
Other comprehensive (income) / expenses			
Item that will not be reclassifed to profit & loss a/c			
Remeasurement of the net defined benefit liability/asset (net of tax)		(2.48)	19.45
Item that will be reclassifed to profit & loss a/c			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net)		(180.12)	-
Total comprehensive income		**10,722.53**	**10,853.66**
Earning per equity share, per value of Re 1/- each			
Basic (Rs)		13.76	13.59
Diluted (Rs)		13.76	13.59

The accompanying notes form an integral part of the consolidated financial statements Note no - 1 to 48

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN: 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN: 01301385

Rajendra Dugar
Chief Financial Officer
M.No. 056677

Statement of Changes in Equity

All amounts are in Indian Rupees lakhs, except share data and per share data, unless otherwise stated

Particulars	Securities Premium reserves	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)		Foreign Currency Monetary Translation Difference Account	Gain on forfeiter of equity shares	Total
				Financial instruments measured at Fair Value through OCI	Remeasurement of defined benefit plan			
Balance at April 01,2015	**18,677.51**	**3,682.68**	**31,014.57**	**-**	**(204.57)**	**269.18**	**8.76**	**53,448.14**
Transfer to General Reserve	-	500.00	(500.00)	-	-	-	-	-
Translation Difference	-	-	-	-	-	(82.53)	-	(82.53)
Dividend including dividend distribution tax	-	-	(1,063.97)	-	-	-	-	(1,063.97)
Total Comprehensive income for the year	-	-	10,834.21	-	19.45	-	-	10,853.66
Balance at the end of 31, March,2016	**18,677.51**	**4,182.68**	**40,284.81**	**-**	**(185.13)**	**186.66**	**8.76**	**63,155.30**
Transfer to General Reserve	17,200.45	500.00	(500.00)	-	-	-	-	17,200.45
Translation Difference	-	-	-	-	-	322.06	-	322.06
Total Comprehensive income for the year	-	-	10,905.13	(180.12)	(2.48)	-	-	10,722.53
Dividend including dividend distribution tax	-	-	(578.63)	-	-	-	-	(578.63)
Balance at the end of 31, March,2017	**35,877.96**	**4,682.68**	**50,111.31**	**(180.12)**	**(187.60)**	**508.71**	**8.76**	**90,821.70**

The accompanying notes form an integral part of the standalone financial statements

Note :

(i) Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

(iii) The amount of retained earning can be distributed by the Company as dividends to its equity shareholders.

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN : 01243391

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Madhusudhan Reddy
Company Secretary

Rajendra Dugar
Chief Financial Officer
M. No. 056677

Consolidated Cash Flow Statement for the year ended 31st March, 2017

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

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash Flows from Operating Activities		
Profits Before Tax (PBT)	15,103.71	14,036.18
Less: Adjustments		
Interest received	318.81	317.95
Dividend Income	9.18	3.97
Liabilities Written back	20.29	-
Provision written back	1.63	2.62
Excess gratuity provision written back	0.00	6.82
Acurial Gain on Defined benefit plan	3.79	(29.74)
Government Grant	12.39	12.39
Unrealized Exchange gain on reinstatement	473.22	(24.48)
Interest rate Swap	13.36	32.59
Corporate Gurantee fees	30.30	32.59
Gain on Mutual Funds	998.06	565.64
	13,222.69	**13,115.83**
Add: Adjustments		
Depreciation & Amortisation	3,002.14	2,313.88
Interest Paid	269.41	393.30
Loss on sale of Tangible	2.08	2.00
Balances written off	71.45	0.12
Insurance claim written off	0.00	8.31
Provision for Gratuity	201.20	8.14
Provision for Leave Encashment	28.09	4.57
Provision for CSR Expense	0.00	0.00
Capital Advances / balances written off	282.01	8.76
Provision for Diminution in the value of Investments	454.15	241.96
Unrealized Exchange Loss on reinstatement		
Operating profit before working capital changes & Other Adjustments	**17,533.22**	**16,096.89**
Adjustments for Increase / (Decrease) in Operating Liabilities		
- Trade Payables	791.65	986.27
- Other Liabilities	418.90	286.20
- Other Provisions	(89.01)	132.05
- Other Non-current financial liability	180.12	0.00
- Long Term Provisions	63.91	172.16
Adjustments for (Increase) / Decrease in Operating Receivables		
- Inventories	5,557.13	(344.48)
- Trade Receivables	(4,672.25)	(1,672.08)
- Loans	904.16	62.23
- Non-current financial Assets (Others)	(43.49)	(18.59)
- Long Term Loans & Advances	135.90	(183.56)
- Other financial Assets	(546.71)	114.24
- Short Term Loans & Advances & Other Current Assets	(2,324.65)	195.31
	6,794.63	15,826.64
Less: Income Taxes (Net)	(3,382.69)	(2,956.41)
Net Cash flow from Operating activities	**3,411.93**	**12,870.23**

(Contd.)

Cash Flow (Contd.)

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

Particulars	As at 31st March, 2017	As at 31st March, 2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible Assets (Incl.CWIP)	(8,797.59)	(11,471.73)
Sale of tangible assets	88.72	47.48
Capital Advances	(3,072.92)	(216.50)
Interest received	261.20	316.87
Dividend Income	9.18	3.97
(Increase) / Decrease in Non-Current Investments	511.14	(1071.23)
(Increase) / Decrease in Current Investments	(15,501.13)	1,471.03
Net cash outflow from Investing Activities	**(26,501.39)**	**(10,920.11)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Long Term Borrowings	13,315.91	(2,056.92)
Increase in / (Decrease) Short Term Borrowings	2,050.26	1,545.80
Dividend and Corporate Dividend tax paid	(540.09)	(1,059.79)
Increase in Share Capital	30.25	0.00
Increase in Securities Premium Account	17,212.25	0.00
Interest paid	(206.82)	(394.47)
Net Cash flow Financing Activities	**31,861.76**	**(1,965.37)**
Net Increase/(decrease)in Cash and Cash Equivelants	**8,772.30**	**(15.25)**
Effect of Exchange Rate on Consolidation of Foreign Subsidiaries	193.43	297.31
Cash & Cash Equivelants at the Beginning of the year	642.99	360.93
Cash & Cash Equivelants at the End of the year	**9,608.73**	**642.99**

Components of Cash and Cash Equivalents	As at 31st March, 2017	As at 31st March, 2016
Cash on Hand	40.86	156.15
Cash at Banks	0.00	0.00
a) In Current Account	1,814.07	612.45
b) In Fixed deposit Account (With maturity less than 3 months)	7,740.01	317.29
c) Unclaimed Dividend	55.46	16.91
d) Book overdraft	(41.67)	(459.81)
Total Cash and Cash Equivalents	**9,608.73**	**642.99**

Note:

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

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

For and on behalf of the Board of Directors

CA. Yogesh.R.Bung
Partner
M.No. 143932

Omprakash Inani
Chairman
DIN : 01243391

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Place : Hyderabad
Date : 29th May, 2017

Madhusudhan Reddy
Company Secretary

Rajendra Dugar
Chief Financial Officer
M.No. 056677

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the company.

The consolidated financial statements for the year ended 31st March, 2016 and the opening Balance Sheet as at 1st April, 2015 have been restated in accordance with Ind AS for comparative information. The financial statements for the year ended on 31st March, 2017 are the first financial statement of the group under Ind AS. In accordance of Ind AS 101, First time Adoption of Indian Accounting Standard, the group has given an explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows (Refer note 2(c)).

These consolidated financial statements have been prepared on going concern and accrual basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'.

These consolidated financial statements of the group for the year ended March 31, 2017 were approved by the Board of Directors on 29/05/2017.

b) Principles of consolidation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its Subsidiaries, Associates and joint ventures ("the Group"). The Consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Investment in Associates and Joint Ventures has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.

The Company accounts for its share of post acquisition changes in net assets of associates and joint ventures, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

A) The subsidiaries considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1.	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2.	Loba Feinchemie GmbH ('Loba') (Step-down Subsidiary)	Austria	99.999%
3.	Shilpa Therapeutics Private Ltd ('Nu Therapeutics')	India	99.95%
4.	Makindus. Inc ('Makindus')	Delaware (USA)	55.78%
5.	INM Technology Private Limited ('INM')	India	75.00%
6.	Koaana Healthcare Limited	United Kingdom	100.00%
7.	Koaana Healthcare GmbH	Austria	100.00%

B) The Associates considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Associates	Country	Extent of Holding
1.	Reva Pharmachem Private Limited ('Reva')	India	33.33%

C) Joint Venture considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Joint Venture	Country	Extent of Holding
1.	Maia Pharmaceuticals Inc. ('Maia)	Pennsylvania (USA)	34.79%
2.	Reva Medicare Private Limited.	India	50.001%
3.	Raichem Medicare (P) Ltd ('RMPL')	India	50.001%

ii) Other significant accounting policies are set out under "Significant Accounting Policies given in the Company's Standalone financial statements.

2. First-time adoption of Ind AS

A. Mandatory Exceptions from retrospective application

Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after accounting policies), unless there is an objective evidence that those estimates were in error.

Ind AS estimates as at 1 April, 2015 are consistent with the estimates as at same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

- Investments in equity instruments carried at FVTPL or FVTOCI
- Investments in debt instruments carried at FVTPL
- Impairment of financial assets based on expected credit loss model.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Non-controlling interests

The Group has carried the carrying amount of non-controlling interests recognised under Previous GAAP as at the date of transition to Ind AS and will apply the requirements of Ind AS 110, 'Consolidated Financial Statements' applicable to non-controlling interests prospectively from the date of transition to Ind AS.

B. Optional Exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date.

Business combinations occurring prior to the transition date have not been restated. The company has applied same exemption for investment in associates and joint ventures.

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101

1. Reconciliation of Equity as at 1st April, 2015
2. A. Reconciliation of Equity as at 31st March, 2016

   B. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2016

Reconciliation of equity as at April 01, 2015 **(Rs in Lakhs)**

Particulars	Notes to first time adoption	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS				
Non- current assets				
(a) Property, plant & equipment.	1	29,195.18	(343.64)	28,851.53
(b) Capital work- in- progress		9,016.55	-	9,016.55
(c) Goodwill		889.57	-	889.57
(d) Intangiable assets		492.42	-	492.42
(e) Financial assets		-	-	
(i) Investments	2	2899.34	(330.18)	2553.49
(ii) Loans		1,729.34	-	1,729.34
(iii) Other financial assets		246.15	-	246.15
f) Other non-current assets	1	3,021.02	289.72	3,310.73
Total non- current assets		**47,473.89**	**(384.11)**	**47,089.78**

(Contd.)

(Rs in Lakhs)

Particulars	Notes to first time adoption	IGAAP	Effects of transition to Ind AS	Ind AS
Current assets				
(a) Inventories		13,078.29	-	13,078.29
(b) Financial assets				
(i) Investment	3	6,535.40	333.17	6,868.57
(ii) Trade receivables		10,953.94	-	10,953.94
(iii) Cash and cash equivalents		885.61	-	885.61
(iv) Other bank balance		12.73	-	12.73
(v) Loan		115.77	-	115.77
(vi) Others financial assets		-	275.62	275.62
(c) Other current assets	7	2,192.14	(16.21)	2,175.93
(d) Current tax assets (net)		39.62	-	39.62
Total current assets		**34,089.12**	**316.95**	**34,406.07**
Total assets		**81,563.01**	**(67.16)**	**81,495.85**
EQUITY AND LIABILITY				
Equity				
(a) Equity share capital		771.02	-	771.02
(b) Other equity	4	53,566.82	(118.68)	53,448.14
(c) Non-Controlling Interest	4	390.45	(2.98)	387.48
Total equity		**54,728.29**	**(121.66)**	**54,606.63**
Liabilities				
Non- current liabilities				
(a) Financial Liabilities				
(i) Borrowings		1,626.67	-	1,626.67
(ii) Other financial liability	6	-	268.35	268.35
(b) Provisions		1,160.40		1,160.40
(c) Deferred tax liabilities (net)	5	3,787.73	293.66	4,081.39
Total non current liability		**6,574.81**	**562.01**	**7,136.82**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings		5,846.62		5,846.62
(ii) Trade payables		9,699.11		9,699.11
(iii) Other		2,550.82		2,550.82
(b) Other current liability	8	1,229.27	1.33	1,230.60
(c) Provisions	7	934.10	(508.85)	425.26
(d) Current tax liability (Net)		-	-	
Total current liability		**20,259.92**	**(507.51)**	**19,752.40**
TOTAL Equity & Liability		**81,563.01**	**(67.16)**	**81,495.85**

Reconcilation of Equity as at March 31, 2016 **(Rs in Lakhs)**

Particulars	Notes to first time adoption	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS				
Non- current assets				
(a) Property, plant & equipment.	1	38,089.69	(546.16)	37,543.52
(b) Capital work- in- progress		9,161.31	-	9,161.31
c) Goodwill		888.75		888.75
d) Intangiable Assets		733.63	-	733.63
e) Intangiable Assets Under Development		28.46	-	28.46
f) Financial Assets		-	-	-
(i) Investments	2	4,262.92	(673.06)	3,589.86
(ii) Loans		1,667.11	-	1,667.11
(iii) Other financial assets		264.74	-	264.74
g) Other non-current assets	1	3,314.98	475.64	3,790.62
Total non- current assets		**58,411.58**	**(743.59)**	**57,667.99**
Current assets				
(a) Inventories		13,422.76	-	13,422.76
(b) Financial assets				
(i) Investment	3	5,272.65	690.52	5,963.17
(ii) Trade receivables		12,542.69	-	12,542.69
(iii) Cash and cash equivalents		1,085.89	-	1,085.89
(iv) Other bank balance		16.91	-	16.91
(v) Loan		397.08	-	397.08
(iv) Others financial assets		162.45	-	162.45
(c) Other current assets		1,676.61	16.21	1,692.82
(d) Current tax assets (net)		137.20	-	137.20
Total current assets		**34,714.25**	**706.73**	**35,420.98**
Total assets		**93,125.83**	**(36.85)**	**93,088.98**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		771.02	-	771.02
(b) Other equity	4	63,850.35	(695.05)	63,155.30
(c) Non-Controlling Interest	4	229.47	3.93	233.40
Total equity		**64,850.84**	**(691.12)**	**64,159.72**
Liabilities				
Non- Current liabilities				
(a) Financial Liabilities		-	-	-
(i) Borrowings		578.37		578.37
(ii) Other financial liability	6	16.75	206.23	222.98
(b) Provisions		1,395.68	-	1,395.68
(c) Deferred tax liabilities (net)	5	4,652.82	448.05	5,100.87
(d) Other non-current liability		-		
Total non current financial liability		**6,643.62**	**654.27**	**7,297.90**

Particulars	Notes to first time adoption	IGAAP	Effects of transition to Ind AS	Ind AS
Current liabilities				
(a) Financial liabilities				
(i) Borrowings		7,409.94	-	7,409.94
(ii) Trade payables		10,072.46	-	10,072.46
(iii) Other		2,136.50	-	2,136.50
(b) Other current liability		1,512.38	-	1,512.38
(c) Provisions		500.08	-	500.08
Total current liability		**21,631.36**	**-**	**21,631.36**
TOTAL Equity & Liability		**93,125.82**	**(36.85)**	**93,088.98**

Notes to reconciliation of balance sheet as previously reported under IGAAP to Ind AS

1. Property, Plant & Equipment, Non-current Asset

Leasehold land under Ind AS is classified as operating lease, however under Indian GAAP, the same was considered as part of Property, Plant & Equipment.

2. Non-current Investment

Company has applied exemption in respect of Foreign Currency Translation Reserve as per appendix D of Ind AS 101 which states that the cumulative translation difference of all foreign operations are deemed to be zero at the date of transition to Ind AS.

3. Current Investment

- Mutual funds - Under Previous GAAP, the mutual funds are measured at cost or market value, whichever is lower. Under Ind AS, the Company has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value.
- At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognised in retained earnings. Fair value changes are recognised in the Statement of Profit and Loss for the year ended 31st March, 2016.

4. Other Equity

Adjustments to retained earnings have been made in accordance with Ind AS for the mentioned line items

5. Deferred Tax

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences and deferred tax has been recognised on the same.

6. Other Financial Liability

- Under Ind AS, Derivative Instruments used for hedging is measured at fair value.
- Capital Subsidy received is treated as Capital Reserve in Indian GAAP. Under Ind AS, only income approach is allowed and the amount is to be transferred to Statement of Profit and loss over the period to match the fulfilment of the obligation.

7. Provision, Other Current Assets

Under Previous GAAP, proposed dividends and related the dividend distribution tax are recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

8. Subsidy

Under Ind AS, Capital Subsidy is accounted for using income approach.

Reconciliation of Statement of profit and loss for the year ended March 31, 2016 **(Rs in Lakhs)**

Particulars		Previous GAAP	Adjustments	Ind AS
Revenue				
(a) Revenue from operations		64,328.25	-	64,328.25
(b) Other operating revenues		7,888.66	-	7,888.66
Revenue from operations		**72,216.91**	**-**	**72,216.91**
(c) Other Income	1	701.05	434.93	1,135.98
Total Revenue		**72,917.96**	**434.93**	**73,352.89**
Expenses				
(a) Cost of materials consumed		36,764.01	-	36,764.01
(b) Purchases of stock-in trade		381.00	-	381.00
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade		(222.42)	-	(222.42)
(d) Employee benefits expense	2	8,979.09	29.74	9,008.82
(e) Finance costs		393.30	-	393. 30
(f) Depreciation		2,313.71	0.17	2,313.88
(g) Excise duty recovered		573.79	-	573.79
(h) Other expenses	3	9,712.44	0.22	9,712.66
Total Expenses		**58,894.92**	**30.12**	**58,925.04**
Profit before Exceptional items and tax		14,023.04	404.81	14,427.85
Exceptional (income) / expense		241.96	-	241.96
Share of profit/(loss) in Joint Venture/Associates		(149.71)	-	(149.71)
Profit before tax		**13,631.38**	**404.81**	**14,036.18**
Tax expenses				
Current tax		3,054.00	-	3,054.00
Less: Mat credit entitlement		(501.29)	-	(501.29)
Total		**2,552.71**	**-**	**2,552.71**
Deferred Tax	4	870.12	139.09	1,009.21
Total		**3,422.83**	**139.09**	**3,561.91**
Profit for the Period		**10,208.55**	**265.72**	**10,474.27**
Share of Non Controlling Interest		(359.94)	-	(359.94)
Total Profit before other comprehensive income		**10,568.49**	**265.72**	**10,834.21**
Other comprehensive (income) / expenses				
Remeasurement of the net defined benefit liability/ asset (net of tax)	2	-	19.45	19.45
Total comprehensive income		**10,568.49**	**285.16**	**10,853.66**

Explanation for reconciliation of profit as previously reported under IGAAP to Ind AS

1. **Other Income**

   - Under Ind AS, the Investment is classified at Fair Value through Profit & Loss (FVPL). The adjustment reflect amount of change in value of investment measured at FVTPL
   - Capital Subsidy received is treated as part of Reserve & Surplus in Indian GAAP.Under Ind AS, only Income Approach is allowed and the amount is to be transferred to PL over the period in the ratio of fulfilment of the obligation.

2. **Employee benefit expenses**

   Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, measurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI

3. **other expenses**

   Leasehold land under Ind AS is classified as operating lease and hence the lease rentals for the period are charged to the Statement of profit and loss.

4. **Deferred Tax**

   The Ind AS adjustments lead to temporary differences and deferred tax has been recognised on the amount of impact due to transition to Ind AS

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block					Depreciation/Amortisation					NET BLOCK		
	As at 1 April 2016	Additions	Deduction/ Adjustment during the year	FCTR	Balance as at 31/03/2017	As at 1st April 2016	For the year	Deduction/ Adjustment during the year	FCTR	Accumelate depreciation As at 31/03/2017	As at 31/03/2017	As at 31/03/2016	As at 01/04/2015
Tangible Assets													
i) Owned										-			
a) Borewell	18.80	0.24	-	-	19.04	9.23	3.27	-	-	12.50	6.54	9.58	**9.93**
b) Building	11,673.77	1,405.12	-	(221.56)	12,857.34	3,723.36	363.72	-	(185.30)	3,901.78	8,955.56	7,950.41	**6,959.42**
c) Canteen Equipment	9.70	0.81	-	-	10.52	2.50	1.95	-	-	4.46	6.06	7.20	**2.07**
d) Computer	565.50	115.54	1.13	-	679.92	348.14	93.59	-	-	441.74	238.18	217.36	**112.21**
e) Network Server equipement	14.60	53.12	-	-	67.71	3.18	4.19	-	-	7.37	60.35	11.42	**7.53**
f) Electrical Installation	2,828.99	327.24	-	-	3,156.23	950.93	304.00	-	-	1,254.93	1,901.29	1,878.05	**1,378.80**
g) Empty Cylinders	4.67	-	-	-	4.67	4.18	0.06	-	-	4.24	0.42	0.49	**0.55**
h) ETP Building	469.52	96.33	-	-	565.85	118.44	16.13	-	-	134.57	431.28	351.08	**350.43**
i) ETP Machinery	343.00	196.03	34.24	-	504.79	88.83	17.83	(16.49)	-	90.17	414.62	254.17	**145.50**
j) Furniture	2,628.30	392.52	26.45	(127.75)	2,866.62	1,734.68	147.59	(15.02)	(119.47)	1,747.77	1,118.84	893.62	**578.82**
k) Generator	137.15	124.07	-	-	261.21	30.58	17.77	-	-	48.35	212.86	106.57	**32.32**
l) Lab Equipments	5,708.69	1,104.84	17.80	-	6,795.74	1,366.20	611.81	(0.65)	-	1,977.37	4,818.37	4,342.49	**2,669.74**
m) Office Equipment	126.57	54.26	3.14	(5.89)	171.80	82.29	20.42	(3.10)	(5.02)	94.60	77.20	44.28	**28.83**
n) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	1,694.86	101.12	-	-	1,795.98	2,047.05	2,148.18	**2,248.56**
o) Pipeline	2,475.93	285.62	-	-	2,761.55	643.18	100.97	-	-	744.15	2,017.41	1,832.75	**1,200.04**
p) Plant & Machinery	23,186.01	3,626.64	43.83	(216.44)	26,552.38	7,308.72	1,016.63	(22.22)	(208.12)	8,095.01	18,457.37	15,877.28	**11,564.49**
q) Pollution Control Equip.	37.34	-	-	-	37.34	28.90	0.44	-	-	29.35	8.00	8.44	**8.03**
r) R & D Equipments	238.44	-	-	-	238.44	182.44	21.53	-	-	203.97	34.46	55.99	**91.07**
s) Storage Tank	112.56	24.33	-	-	136.89	29.24	5.57	-	-	34.81	102.08	83.32	**52.15**
t) Transformer	46.61	-	-	-	46.61	15.10	4.19	-	-	19.29	27.32	31.51	**35.69**
u) Unit-II Land & Building	5.86	-	-	-	5.86	2.74	0.20	-	-	2.94	2.92	3.12	**3.31**
v) Vehicle	313.46	84.58	54.26	(1.44)	342.34	158.63	25.92	(37.10)	(0.19)	147.26	195.08	154.82	**183.83**

(Contd.)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block					Depreciation/Amortisation					NET BLOCK		
	As at 1 April 2016	Additions	Deduction/ Adjustment during the year	FCTR	Balance as at 31/03/2017	As at 1st April 2016	For the year	Deduction/ Adjustment during the year	FCTR	Accumelate depreciation As at 31/03/2017	As at 31/03/2017	As at 31/03/2016	As at 01/04/2015
w) Electrical Operated Vehicals	34.87	-	-	-	34.87	8.30	4.20	-	-	12.50	22.36	26.57	**30.82**
x) Xerox Machine	3.72	-	-	-	3.72	2.89	0.28	-	-	3.18	0.54	5.78	**1.11**
y) Weigh Bridge	8.42	-	-	-	8.42	2.11	0.87	-	-	2.99	5.43	1.35	**1.78**
z) EHS Equipement	39.54	1.61	-	-	41.15	0.30	3.81	-	-	4.11	37.04	39.24	**1.34**
aa) Storage Drums	3.06	2.04	-	-	5.10	0.78	0.73	-	-	1.51	3.59	2.28	**2.65**
ab) Land	998.00	2.80	53.42	(9.59)	937.78	-	-	-	-	-	937.78	944.57	**868.95**
Total (i)	**55,876.10**	**7,897.76**	**234.27**	**(582.68)**	**62,956.92**	**18,540.77**	**2,888.80**	**(94.59)**	**(518.10)**	**20,816.88**	**42,140.04**	**37,281.91**	**28,569.98**
ii) Leased Assets													
a) Leasehold Land & Green Field	261.61	54.09	-	-	315.71	-	-	-	-	-	315.71	261.61	281.56
Total (ii)	**261.61**	**54.09**	**-**	**-**	**315.71**	**-**	**-**	**-**	**-**	**-**	**315.71**	**261.61**	**281.56**
Total	**56,137.72**	**7,951.85**	**234.27**	**(582.68)**	**63,272.63**	**18,540.77**	**2,888.80**	**(94.59)**	**(518.10)**	**20,816.88**	**42,455.75**	**37,543.52**	**28,851.54**

5. INTANGIBLE ASSETS

Particulars	Gross Block					Depreciation/Amortisation					NET BLOCK		
	As at 1 April 2016	Additions	Deduction/ Adjustment during the year	FCTR	Balance as at 31/03/2017	As at 1st April 2016	For the year	Deduction/ Adjustment during the year	FCTR	Accumelate depreciation As at 31/03/2017	As at 31/03/2017	As at 31/03/2016	As at 01/04/2015
a) Computer software	269.63	120.40	4.95	(8.81)	376.26	136.33	46.23	(1.60)	(6.83)	174.14	202.12	133.30	112.26
b) Technical Know How	21.88	-	-	-	21.88	21.88	-	-	-	21.88	-	-	-
c) DMF/Patents Fees	713.17	84.82	1.19	-	796.80	112.84	67.12	-	-	179.95	616.85	600.33	380.15
d) Other	67.50	-	-	(5.25)	62.25	67.50	-	-	(5.25)	62.25	-	-	-
Total	**1,072.18**	**205.22**	**6.14**	**(14.07)**	**1,257.18**	**338.55**	**113.35**	**(1.60)**	**(12.08)**	**438.22**	**818.96**	**733.63**	**492.42**

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

4. CAPITAL WORK-IN-PROGRESS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(a) Tangible assets under development			
i) Machinery under erection	298.67	595.53	360.71
ii) Projects under erection	7,302.29	7,494.34	7,686.34
iii) Pre-operative expenses (pending capitalization)	1,365.03	1,071.43	969.50
TOTAL	**8,965.99**	**9,161.31**	**9,016.55**

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
DMF Fees	290.04	28.46	-
TOTAL	**290.04**	**28.46**	**-**

7. FINANCIAL ASSETS

(I) NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
i) In Joint Venture Company.			
a) Investments in equity instruments (unquoted)			
i) 8,70,755 (8,70,755) of Rs 10/- each- Raichem Medicare (P) Ltd, Raichur. (JV)	566.30	1,337.11	1,131.40
ii) 5001 (5001) Equity share of Rs 10/- each of Reva Medicare Pvt Limited Raichur	31.31	0.50	-
b) Investments in preference instruments (unquoted)			
i) 18500000 (18500000) of Rs 10/- each Raichem Medicare Pvt. Ltd.	1,850.00	1,850.00	1,200.00
ii) 1400000 (1400000) Preferred Stock at par value of 0.0001 USD of MAIA Pharmaceuticals INC .USA	426.31	203.15	203.15
ii) Others			
Repurchase value reinsurence	25.22	24.00	18.74
c) Net Amount of investments	2,899.14	3,414.76	2,533.49
iii) In government securities (unquoted)			
National savings certificate.	0.20	0.20	0.20
Total value of unquoted investment	**2,899.34**	**3,589.96**	**2,553.49**

(Contd.)

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

FINANCIAL ASSETS (Contd.)

(II) LOANS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Raichem Medicare Pvt Limited (Joint venture)	762.95	1,667.11	1,729.34
TOTAL	**762.95**	**1,667.11**	**1,729.34**

(III) OTHERS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a) Security deposits (unsecured considered good)			
(i) Electricity deposits	213.92	174.51	164.23
(ii) Rental deposits	60.75	65.07	61.75
(iii) Telephone deposits	0.61	0.60	0.60
(iv) Miscellaneous deposits	32.57	24.55	19.57
Total	**307.86**	**264.74**	**246.15**

8. OTHER NON-CURRENT ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a) Capital advances			
(i) Unsecured, considered good	4,042.27	1,251.37	1,456.34
Less: Provision for Doubtful Advances	-	-	-
TOTAL (a)	**4,042.27**	**1,251.37**	**1,456.34**
b) Others			
(i) Income tax paid under protest	43.33	173.28	173.28
(ii) VAT on capital goods & others item (Refer Note 45)	52.97	53.33	46.12
(iii) MAT credit entitlement benefit	2,117.78	1,829.59	1,328.29
(iv) Prepaid expenses	476.61	483.06	297.95
(v) Excise duty	0.86	-	8.76
TOTAL (b)	**2,691.54**	**2,539.25**	**1,854.39**
TOTAL (a+b)	**6,733.81**	**3,790.62**	**3,310.73**

9. INVENTORIES

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Raw materials	7,101.45	6,740.50	6,870.46
(ii) Work-in-progress	9,311.30	5,317.32	4,825.32
(iii) Finished goods			
(a) Stock in hand	724.35	621.60	656.80
(b) Goods-in transit	10.40	-	-
(c) Stock-in-trade	562.06	43.28	277.66
(iv) Stores and Spares	923.34	538.81	265.69
(v) Packing materials	347.00	161.26	182.36
TOTAL	**18,979.89**	**13,422.76**	**13,078.29**

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

10. FINANCIAL ASSETS

(I) INVESTMENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Investment in mutual funds			
(i) HDFC mutual fund	331.18	307.14	1,072.78
(ii) ICICI prudential mutual fund	9,885.31	5,148.05	4,428.41
(iii) Franklin India low duration fund	329.38	298.89	1,077.13
(iv) SBI mutual fund	4,556.32	209.09	290.26
(v) Birla sun life mutual fund	2,244.64	-	-
(vi) Franklin India ultra short bond fund	5,115.53	-	-
TOTAL	**22,462.36**	**5,963.17**	**6,868.57**
Aggregate value of unquoted investments	**22,462.36**	**5,963.17**	**6,868.57**

(II) TRADE RECEIVABLES [refer note 47]

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Unsecured considered doubtful	70.74	11.21	20.09
Less: written-off	70.74	11.21	20.09
TOTAL (a)	**-**	**-**	**-**
Unsecured, considered good	17,092.56	12,542.69	10,953.94
TOTAL (b)	**17,092.56**	**12,542.69**	**10,953.94**
TOTAL (a+b)	**17,092.56**	**12,542.69**	**10,953.94**

(III) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Cash on hand	40.86	156.15	22.53
(ii) Balance with Bank in Current accounts	1,814.07	612.45	130.81
(iii) Deposits with original maturity of less than 3 months	7,740.01	317.29	732.26
TOTAL	**9,594.94**	**1,085.89**	**885.61**

(IV) OTHER BANK BALANCES

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Earmarked balances			
(i) Unpaid dividend account	55.46	16.91	12.73
TOTAL	**55.46**	**16.91**	**12.73**

(V) LOANS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a) Unsecured, considered good			
(i) Raichem Medicare Pvt Ltd (Joint venture)	508.63	254.32	-
(ii) Reva Pharma Chem Pvt Ltd (Associate)	99.65	142.77	115.77
b) Others			
i) Navya Biologicals Pvt Limited .	1,196.68	-	-
TOTAL	**1,804.96**	**397.08**	**115.77**

(VI) OTHERS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Income accrued and due on power sales	48.04	40.14	6.90
(ii) CST receivable	116.46	53.87	213.12
(iii) Staff advances	63.19	35.66	25.97
(iv) Tender deposits	2.09	2.59	4.63
(v) Fixed deposits having maturity less then 12 month held as margin money	17.77	17.81	13.70
(vi) Interest accrued on Bank fixed deposit	69.98	12.37	11.29
(vii) FPS/MEIS licence in hand	449.23	-	-
TOTAL	**766.77**	**162.45**	**275.62**

11 OTHERS CURRENT ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) CENVAT receivable	259.18	746.74	1,430.25
(ii) Service tax receivable	571.72	421.80	303.76
(iii) Prepaid expenses	268.34	218.46	199.19
(iv) Staff Advance/Against Expenses	2.98	-	-
(v) Unamotised Expenses	-	0.65	-
(vi) VAT, entry tax ESI, & professional tax	48.15	(11.99)	-
(vii) Advances receivable	1,458.38	317.16	242.72
	2,608.75	1,692.77	2,175.93
Add: Considered doubtful	-	-	
	2,608.75	1,692.77	2,175.93
Less: Written-off	-	-	-
TOTAL	**2,608.75**	**1,692.82**	**2,175.93**

12. CURRENT TAX ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Income tax (net)	-	137.20	39.62
TOTAL	**-**	**137.20**	**39.62**

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

13. SHARE CAPITAL

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Authorised			
a) **Equity shares**			
8,50,00,000 (P.Y. 8,50,00,000) (01.04.2015 - 8,50,00,000)	850.00	850.00	850.00
	850.00	**850.00**	**850.00**
Issued subscribed & fully paid up			
a) **Equity shares**			
Opening Balance	771.02	771.02	771.02
Changes during the year	30.25	-	-
Closing balance	**801.27**	**771.02**	**771.02**
(Shares 8,01,26,904 (March 31, 2016 shares 7,71,01,904, face value of Re 1/- each) (April 01,2015 shares 3,85,50,952 face value of Rs 2/- each par value)			
	801.27	**771.02**	**771.02**

13(a) Reconciliation of the number of shares.

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	77101904	771.02	38550952	771.02
Add : Issued during the year(P.Y. on account of share split face value of Rs 2/- to face value Re 1/- each)	3025000	30.25	38550952	-
Shares outstanding at the end of the year	**80126904**	**801.27**	**77101904**	**771.02**

13(b) Rights, Preferences and restrictions attached to each class of Shares:

Equity Shares:

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

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

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

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

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No of Shares	% Held	No of Shares	% Held
1) Vishnukant .C. Bhutada	8,086,012	10.09	8,563,101	11.11
2) Kantadevi Inani	6,455,736	8.06	38,39,640	4.98
3) Dharmavati Bhutada	6,207,796	7.75	4,142,766	5.37
4) Tano Mauritius India FVCI II	6,179,506	7.71	7,179,506	9.31
5) Baring India Private Equity III Limited	6,000,000	7.49	6,000,000	7.78
6) Kamalkishor Inani	4,823,828	6.02	3,748,828	4.86

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

Particulars	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
1) Bonus Shares in the ratio of 2:1. i.e. for every 02 shares 1 share alloted as Bonus in the last five year.	-	-	12262085	-	-

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

14. FINANCIAL LIABILITIES

(I) LONG TERM BORROWINGS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Term loans (Secured)			
i. From banks			
a) External commercial borrowings (ECB)	9,117.93	-	1,564.77
Nature of Security			
a) ECB of USD 15 Million is taken from Standard chartered bank, London(SCB) during the year, and the said facility is secured by hypothecation of moveable and immovable fixed asset of SEZ unit and plant & machinery of Deosugur unit, including proposed capex created out of such loan and personal guarantees given by 02 of its Directors. The Company had entered into hedge contract with bank on the said facility.			
Terms of Repayment & Interest Rate:			
Repayment of ECB loan from SCB have a moratorium period of 15 months and would be repayable in 16 quarterly installments with the final installment falling due at the end of the 60th month from the date of grant of loan. The loan is repayable quarterly installment of Rs 623.43 lakhs with fixed interest at 8.90% p.a payable monthly.			
Nature of Security			
b) ECB of USD 10 Million is taken from Standard Chartered Bank, London (SCB) and is secured by hypothecation of Immovable fixed asset (USD 6 Mn.) of SEZ and (USD 4 Mn) movable fixed assets located at Raichur plant, including proposed Capex created out of such loan and guarantees given by 02 of its Directors.			
Terms of Repayment & Interest Rate:			
Repayment of ECB Loan from SCB have a moratorium period of 12 months and would be repayable in 8 half yearly installments with the			
Nature of Security			
It is secured by Exclusive charge on movable fixed assets of the Company and personal gurantee of 02 of its Directors.			
c) Term Loan : Wind Turbine Generators Machine	-	-	58.05
Term loan sanctioned by LVB is Rs.13.00 Crs on 02.12.2013. The said loan is primarily secured by hypothecation over 04 800 KW Wind Turbine Generators proposed to be installed out of such funds and Collateral security of windmills already existing with the Company alongwith personal guarantees of 02 of its Director.			

(Contd.)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

FINANCIAL LIABILITIES

(I) LONG TERM BORROWINGS

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
b) Term Loan	5,000.00	-	-
Nature of Security			
a) Term loan of Rs 500 Million taken from HSBC,Bangalore and is secured by first pari passu charge on the fixed assets of Unit -I situated at Deosugur and Unit-II Chicksugur and personal guarantees given by 02 of its Directors.			
Terms of Repayment & Interest Rate: Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 08 half yearly installments of Rs 62.50 Million with the final installment falling due at the end of the January- 2022 Interest payable 01 year MCLR+0.50% per annum payable monthly.			
c) Term Loan - Vehical Loan	2.05	3.04	3.84
(The loan is taken from Bank of Baroda, secured By Hypothecation of Car and is guarantee by Directors)			
Terms of Repayment & Interest Rate: Repayable of vehical loan is in EMI Installation and interest on such loan is charge @ 11.50%			
TOTAL	**14,119.98**	**3.04**	**1,626.67**

II. OTHER NON-CURRENT FINANCIAL LIABILITY

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Interest rate swap	-	13.36	45.95
Capital subsidy	126.31	138.71	151.10
Corporate gurantee liability	36.14	70.91	71.30
Cross currency swap	429.33	-	-
TOTAL	**591.79**	**222.98**	**268.35**

15. PROVISION

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Provision for gratuity	1,635.35	1,354.09	1,117.71
(ii) Provision for leave encashment	53.53	41.59	42.69
TOTAL	**1,688.88**	**1,395.68**	**1,160.40**

16. DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Deferred tax liability (On account of timing difference of depreciation)	6,539.44	5,357.21	4,339.61
Deferred tax asset (On account of disallowable items under Income Tax Act)	(363.81)	(256.35)	(258.22)
TOTAL	**6,175.63**	**5,100.87**	**4,081.39**

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

17. FINANCIAL LIABILITIES

(I) BORROWING

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Secured loan			
a) Working capital loan.			
From Banks			
(i) Standard chartered bank [refer note 'a' & 'g'(i) below]	600.38	816.09	3,646.17
(ii) Standard chartered bank [refer note 'a' & 'g'(ii) below]	4,167.93	3,246.52	624.36
(iii) Citi Bank [refer note 'b' & 'g'(iii) below]	4,035.79	2,896.76	813.68
(iv) Axis Bank [refer note 'f' 'g' (viii)]	21.22	-	-
(v) Erste Bank Austria [refer note 'e' 'g' - (vii) below]	415.52	450.57	762.41
(vi) HSBC [refer note 'c' & 'g'(iv) below]	-	-	-
(vii) Axis Bank [refer note 'd' & 'g'(v) (vi) below]	-	-	-
Nature of Security			
a) Working capital loan from Standard chartered bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & imovable (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 Directors.			
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 Directors. The sanction facility is interchangeably as PCFC/ Cash credit and applicable interest will be charge.			
c) Working capital loan of Rs 100 Million sanction from HSBC has not been availed during the year, and it is secured by first pari passu charge on current assets and charge on fixed assets situated at unit I & II (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 Directors.			
d) Working capital loan of Rs 100 Million sanction from Axis Bank has not been availed during the year, and it is secured by first pari passu charge on current assets present and future, and charge on movable & imovable fixed assets situated at Unit -1 Deosugar in line with other working capital lenders and personal Gurantee of 02 Directors.			
e) Working capital bank from "ERSTE" bank Austria for foreign Subsidary is secured against movable & immovable Fixed Assets			
f) Working capital loan from Axis Bank for "STPL" of 20 million is secured against the current assets, land & buildings & personal guarantee of Directors.			
g) **Interest rate as at March 31, 2017 is as under:**			
(i) 'On overdraft - 11%			
(ii) 'On PSFC/PCFC - Libor + 1%			
(iii) 'On PSFC/PCFC - Libor + 1%			
(iv) 'On overdraft - MCLR+0.95%			
(v) 'On overdraft - 03 months MCLR+0.75%			
(vi) 'PCFC/ PSFC- Libor + benckmark rate			
(vii) on Export - 0.5% and on WCL - 2.75%			
(viii) 1.35% above bank MCLR			
TOTAL	**9,240.84**	**7,409.94**	**5,846.62**

(Contd.)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

FINANCIAL LIABILITY (CONTD.)

(II) TRADE PAYABLES [refer note 44 & 47)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Trade payables	10,620.07	9,971.43	8,949.67
(ii) Trade payables - Capital goods	500.82	676.37	749.43
TOTAL	**11,120.89**	**10,647.80**	**9,699.11**

(III) OTHER FINANCIAL LIABILITY

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Current maturities of long-term debt	608.87	1,659.11	1,998.85
(ii) Interest accrued but not due on borrowings.	63.25	0.67	1.84
(iii) Unclaimed dividends	18.15	15.32	12.73
(iv) Employee expenses payable	3.74	-	-
(v) Books overdraft	41.67	459.81	537.41
(vi) Interim dividend payable	37.31	1.59	-
TOTAL	**772.99**	**2,136.50**	**2,550.83**

18. OTHER CURRENT LIABILITY

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(i) Advances from Customers	169.78	316.11	96.21
(ii) Tax deduction at source	417.50	320.12	258.94
(iii) Service tax	4.23	5.50	3.90
(iv) VAT, Entry tax ESI, & Professional tax	5.03	9.49	20.70
(v) Security / Trade deposit	11.00	14.54	11.50
(vi) Unclaimed bonus & salary	5.44	4.16	5.19
(vii) Current maturities of Long-Term Govt. grant	1.33	1.33	1.33
(viii) Provident Fund & Other Fund Payable	107.25	71.25	66.03
(ix) Employee Benefit Liability	1,204.35	769.88	766.81
TOTAL	**1,925.92**	**1,512.37**	**1,230.60**

19. PROVISION

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Provision for Expenses	403.32	500.08	425.26
TOTAL	**403.32**	**500.08**	**425.26**

20. CURRENT TAX LIABILITY (NET)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Income tax (net)	159.47	-	-
TOTAL	**159.47**	**-**	**-**

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

21. REVENUE FROM OPERATIONS

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Sales of Products	71,236.09	63,752.67
(ii) Sales of FPS / MEIS licences	1,753.89	-
(iii) Energy sales	482.32	575.58
TOTAL	**73,472.30**	**64,328.25**
(i) Bulk Drugs / Intermediates	64,980.19	62,571.12
(ii) Formulation	4,846.83	245.24
(iii) FPS/ MEIS licences	1,753.89	-
(iv) Power	482.32	575.58
(v) Trading	924.12	757.96
(vi) Others	484.95	178.35
TOTAL	**73,472.30**	**64,328.25**

22. OTHER OPERATING REVEUNES

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Product development charges	4,883.95	7,888.66
TOTAL	**4,883.95**	**7,888.66**

23. OTHER INCOME

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Interest Income on :		
a) Deposit with bank	11.00	11.47
b) Others	307.81	306.48
(ii) Liabilities written back	20.29	-
(iii) Provision written back	1.63	2.62
(iv) Income from sale of carbon credits (Net)	0.65	-
(v) Dividend on current investments	9.18	3.97
(vi) Entry tax refund	19.47	-
(vii) Interest rate swap on ECB	13.36	32.59
(viii) Gain on sale of current investment	998.06	565.63
(ix) Corporate guarantee fees	30.30	32.59
(x) Government grant	12.39	12.39
(xi) Other miscellaneous Income	376.14	168.24
TOTAL	**1,800.28**	**1,135.98**

24. COST OF RAW MATERIAL & PACKING MATERIAL CONSUMED

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Inventory at the beginning of the year	6,901.76	7,052.81
Add: Purchases	41,643.17	36,612.95
Less: Inventory at the end of the year	7,448.45	6,901.76
Cost of raw materials and packing materials consumed	**41,096.48**	**36,764.01**
Material consumed comprises of :		
i) Raw material	40,792.22	36,459.75
ii) Packing material	304.25	304.25
TOTAL	**41,096.48**	**36,764.01**

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

25. PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Purchase of Medicines/Bulk Drugs/Capital Goods/Others	737.50	381.00
TOTAL	**737.50**	**381.00**

26. CHANGES IN INVENTORIES OF FINISHED GOODS,TRADED GOODS AND WORK-IN-PROCESS

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening Inventories		
(i) Finished goods	664.88	934.46
(ii) Work-In-process	5,317.32	4,825.32
Closing Inventories		
(i) Finished goods	804.00	664.88
(ii) Work-In-process	9,824.66	5,317.32
(Increase)/decrease in inventory	**(4,646.46)**	**(222.42)**

27. EMPLOYEE BENEFITS EXPENSE

Particulars	As at 31st March, 2017	As at 31st March, 2016
(i) Salaries, wages and bonus	11,375.41	8,116.96
(ii) Contribution to provident and other funds	1,052.22	734.53
(iii) Staff welfare expenses	209.74	157.33
TOTAL	**12,637.37**	**9,008.82**

28. FINANCE COSTS

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest expense on :		
i) Working capital facility	222.28	177.36
ii) Term loans	41.67	148.18
iii) Others	5.46	67.76
TOTAL	**269.41**	**393.30**

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

29. OTHER EXPENSES

	Particulars	As at 31st March, 2017	As at 31st March, 2016
(a)	Power and fuel	2,615.55	2,190.36
(b)	Repairs and maintenance		
	Buildings	447.41	211.57
	Plant and machinery	1,246.83	849.76
	Others	125.39	111.50
(c)	Rent	209.19	176.35
(d)	Exchange (gain)/ loss (net)	(974.13)	145.98
(e)	Rates and taxes	129.32	90.30
(f)	Insurance	125.53	135.24
(g)	Travelling and conveyance	258.19	238.98
(h)	Contract labour charges	694.55	584.70
(i)	Legal & Professional fees	687.94	530.57
(j)	Facility fees	214.86	103.90
(k)	Payments to auditors	17.48	14.74
(l)	Research and development expenses	2,301.61	2,133.96
(m)	Transportation Charges	261.13	272.44
(n)	Commission and brokerage	150.83	346.92
(o)	Job work charges	8.40	66.73
(p)	Directors fees	2.90	2.30
(q)	Sales promotion and advertisment expensest	72.35	48.06
(r)	Bad debts / advance written-off	71.45	11.21
(s)	Clearing and forwarding expenses	233.98	276.19
(t)	Loss on sale /discard of assets.	2.08	2.00
(u)	VAT and entry tax	14.76	55.35
(v)	CSR expenditure	193.07	-
(w)	Capital advances written-off	282.01	-
(x)	Product Filing Fees	-	118.78
(y)	Miscellaneous expenses	1,130.56	994.77
	TOTAL	**10,523.24**	**9,712.66**

30. EXCEPTIONAL EXPENSES

Particulars	As at 31st March, 2017	As at 31st March, 2016
Impairment in value of investments in subsidary	454.15	-
Loss on sale of Investment	-	241.96
TOTAL	**454.15**	**241.96**

31. CONTINGENT LIABITIES AND COMMITMENTS

	Particulars	As at 31st March, 2017	As at 31st March, 2016
(i)	Foreign letter of credit	530.31	293.21
(ii)	Bank guarantees/Corporate guarantee	10,493.86	10,633.29
(iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,798.05	811.14
(iv)	Claims against Company not acknowledged as debts	160.49	-
	TOTAL	**12,982.71**	**11,737.64**

The outstandning liability against the corporate guarantee provided for one of its joint venture Company is Rs C.Y .7501.14 lakhs (P.Y. 9092.63 lakhs)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

32. EMPLOYEE BENEFITS

(i) Defined Contribution Plan

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Provident Fund	345.25	265.87

(ii) Defined benefit plan (Gratuity)

Holding Company

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Movement of present value of the defined benefit obligation		
Obligations at period beginning	**552.91**	**511.61**
Service cost	102.15	42.17
Interest on defined benefit obligation	44.23	39.48
Benefits settled	-	(9.53)
Actuarial (gain)/loss	(8.12)	(30.82)
Obligations at period end	**691.17**	**552.91**
Change in plan assets		
Plans assets at period beginning, at fair value	162.92	122.93
Difference in opening balance		
Expected return on plan assets	11.91	9.85
Actuarial gain/(loss)	(11.91)	(1.08)
Employer contribution	-	40.75
Benefits payout	-	(9.53)
Plans assets at period end, at fair value	**162.92**	**162.92**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing pbo	691.17	552.91
Closing fair value of plan assets	162.92	162.92
Closing funded status	(528.26)	(390.00)
Unrecognised actuarial (gains)/losses		
Net asset/(liability) recognized in the balance sheet	**(528.26)**	**(390.00)**
Expenses recognised in the p & l account		
Service cost	102.16	42.17498
Interest cost	44.23	39.47789
Expected return on plan assets	11.91	(9.86)
Actuarial (gain)/loss	(176.61)	(30.82)
Net gratuity cost	**(18.31)**	**40.98**
Experience adjustment on plan assets	(11.91)	(1.08)
Experience adjustment on plan liabilities	(176.61)	(30.82)

B. PRINCIPAL ACTUARIAL ASSUMPTIONS

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest rate		
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.31%	7.31%
Expected rate of return on assets	7.31%	7.31%
Salary increase (taking into account inflation, seniority, promotion and other relevent factor)	8%	8%
Attrition rate of employees	5%	5%
Retirement age of employees (Years)	58	58

Actuarial gain/loss is recognised immediately. The estimates of salary increase,inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Sensitivity analysis

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Discount rate	(58.75)	67.74
Salary increase	51.05	(51.15)
Attrition rate	(7.42)	4.15

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points, keeping all other actuarial assumptions constant.

Indian Subsidary Company's
Defined Benefit Plan (Gratuity)

Particulars	As at 31st March, 2017
Movement of present value of the defined benefit obligation	
Obligations at period beginning	
Service cost	34.41
Interest on defined benefit obligation	-
Benefits settled	-
Actuarial (gain)/loss	-
Obligations at period end	34.41
Change in plan assets	-
Plans assets at period beginning, at fair value	-
Difference in opening balance	-
Expected return on plan assets	-
Actuarial gain/(loss)	-
Employer contribution	-
Benefits payout	-
Plans assets at period end, at fair value	
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Closing PBO	34.41
Closing fair value of plan assets	
Closing funded status	(34.41)

Subsidary Company's (Contd.)
Defined Benefit Plan (Gratuity)

Particulars	Year ended 31st March, 2017
Unrecognised actuarial (gains)/losses	-
Net asset/(liability) recognized in the balance sheet	(34.41)
Expenses recognised in the p & l account	
Service cost	15.25
Interest cost	1.69
Expected return on plan assets	
Actuarial (gain)/loss	
Net gratuity cost	16.94
Experience adjustment on plan assets	
Experience adjustment on plan liabilities	

B. Principal actuarial assumptions

Particulars	As at 31st March, 2017
Interest rate	
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.17%
Expected rate of return on assets	0%
Salary increase (taking into account inflation, seniority, promotion and other relevent factor)	10%
Attrition rate of employees	5%
Retirement age of employees (Years)	58

Actuarial gain/loss is recognised immediately. The estimates of salary increase,inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Note: Employee number in Indian subsidaries are not materialistic, hence actuarial valuation of Indian subsidiaries are started from FY 2016-17.

Sensitivity analysis

Note: Sensitivity of the defined benifit obligation to changes in the Weighted Principal assumption are as below:

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	Increase	Decrease
Discount rate	(3.65)	4.25
Salary increase	3.10	(2.83)
Attrition rate	(0.92)	0.97

33. FAIR VALUE MEASURMENT HIERARCHY:

Particulars	Carrying Amount				Fair Value (Rs. in Lakhs)			
	FVTPL	FVTOCI	Amoritised Cost	Total	Level 1	Level 2	Level-3	Total
3/31/2017								
Financial Assets								
Non-current investments	-	-	2,899.34	2,899.34		-		-
Loans	-	-	2,567.91	2,567.91		-		-
Current investment	22,462.36	-	-	22,462.36	22,462.36			22,462.36
Trade receivable	-	-	17,092.56	17,092.56		-		-
Cash & bank balance	-	-	9,594.94	9,594.94		-		-
Other bank balance	-	-	55.46	55.46		-		-
Other fianacial assets	-	-	1,074.62	1,074.62				
Total	**22,462.36**	**-**	**33,284.83**	**55,747.19**	**22,462.36**	**-**	**-**	**22,462.36**
Financial Liability								
Borrowings	-	9,117.93	14,242.89	23,360.82		9,117.93		9,117.93
Trade payables	-	11,120.89	11,120.89	-	-	-	-	
Other financial liabilities		429.33	2,088.37	2,517.70	-	429.33	-	429.33
Total	**-**	**9,547.26**	**27,452.15**	**36,999.41**	**-**	**9,547.26**	**-**	**9,547.26**
3/31/2016	**FVTPL**	**FVTOCI**	**Amoritised Cost**	**Total**	**Level 1**	**Level 2**	**Level-3**	**Total**
Financial Assets								
Non-current investments	-	-	3,589.86	3,589.86		-		-
Loans	-	-	2,064.19	2,064.19		-		-
Current investment	5,963.17	-	-	5,963.17	5,963.17			5,963.17
Trade receivable	-	-	12,542.69	12,542.69		-		-
Cash & bank balance	-	-	1,085.89	1,085.89		-		-
Other bank balance	-	-	16.91	16.91		-		-
Other fianacial assets	-	-	427.19	427.19				
Total	**5,963.17**	**-**	**19,726.74**	**25,689.91**	**5,963.17**	**-**	**-**	**5,963.17**
Financial Liability								
Borrowings	-	-	7,988.31	7,988.31		-		-
Trade payables		-	10,072.46	10,072.46	-	-	-	-
Other financial liabilities		-	2,359.48	2,359.48	-	-	-	-
Total	**-**	**-**	**20,420.25**	**20,420.25**	**-**	**-**	**-**	**-**

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3."1. The use of quoted market prices or dealer quotes for similar instruments

Valuation technique used to determine fair value:

1. The use of quoted market prices or dealer quotes for similar instruments
2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
3. The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date

34. Financial Risk Management

The Company's activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The Company's focuses on minimizing potential adverse effect on its financial performance.

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of fianacial assets /liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price RIsk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	31-Mar-17			31-Mar-16		
	USD	EURO	GBP	USD	EURO	GBP
Financial Assets						
Investment	-	-	-	-	0.32	-
Loan	-	5.06	6.41	-	-	-
Trade receivables	102.78	7.02	-	82.24	0.77	1.28
Cash and cash equivalents	9.21	-	0.19	7.67	6.53	-
Other financial assets	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	(6.05)
Long term borrowings	-	(0.50)	(6.40)	-	-	-
Short-term borrowings	(126.52)	(6.00)	-	(102.16)	(6.00)	(0.10)
Trade payables	(119.50)	(16.33)	(0.19)	(111.50)	(1.77)	-
Other current financial liabilities	-	(0.12)	(0.01)	(25.01)	-	-
	(134.03)	**(10.87)**	**0.00**	**(148.75)**	**(0.14)**	**(4.88)**

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the eanding of the reporting period net of hedges.

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	March, 31,2017	March, 31,2016	March, 31, 2017	March, 31, 2016
USD-Sensitivity				
Increase by 1% (loss)	(89.93)	(97.37)	-	-
Decrease by 1% gain	89.93	97.37	-	-
Euro-Sensitivity				
Increase by 1% gain	7.59	(0.11)	-	-
Decrease by 1%(loss)	(7.59)	0.11	-	-
GBP-Sensitivity				
Increase by 1% gain	5.17	(4.64)	-	-
Decrease by 1%(loss)	(5.17)	4.64	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/ income and to manage the interest rate risk, the Company mange its interest rate risk by having portfoli of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liablity outstanding at the eanding of the reporting period is average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period . year ended March 31, 2017 and March 31, 2016, respectively.

Particulars	31st March, 2017	31st March, 2016
Change in 0.50% interest on WCL	44.02	34.80

Note: 1) ECB loan availed during the reporting period are hedged with the SCB bank, hence no interest rate risk is involve on ECB.

2) Interest on term loan from HSBC availed during the reporting period is not considered for interest rate risk as interest on such term loan is capatilized till the assets are put to use and not charged to profit & loss account.

(iii) Price Risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balancesheet either as fair value through OCI or at fair value through profit or loss.

Sensitivity analysis

Sensitivity analysis of 1% change in price of security as on reporting date

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	March, 31,2017	March, 31,2016	March, 31, 2017	March, 31, 2016
Current Investments				
Investment in mutual fund (1% change in price)"	224.62	59.63	-	-
TOTAL	**224.62**	**59.63**	-	-

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarly from trade receivable and from its financial activity. Customer credit risk is controle by analysis of credit limit and credit worthness of the customer on a continuous basis to whom the credit has been granted

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered under letter of credit The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Two customer are accounted for more then 10% of the trade receivable as of 31st March ,17 and 2016, since the Company is dealing with both the customer from past several years, hence there is no concordent risk in dealing with said customers.

(C) Liquidity risk

Liquidity risk is the risk that the Company will encount difficulty in meeting the obligations of its financial liability.The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirment. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility.

35. Maturity profile of loans and financial liabilities as on March 31,2017

Particilars	On Demand	< 01 Year	1 to 5 years	> 05 Years
Short term borrowing	9,240.84	-	-	-
Long term borrowings	-	608.87	13,494.98	625.00
Trade and other payable	-	11,120.89	-	-
Other financial liability	-	2,517.70	-	-
TOTAL	**9,240.84**	**14,247.47**	**13,494.98**	**625.00**

Maturity profile of loans and financial liabilities as on March 31,2016

Particilars	On Demand	< 01 Year	1 to 5 years	> 05 Years
Short term borrowing	7,409.94	-	-	-
Long term borrowings	-	2,234.44	3.04	-
Trade and other payable	-	10,072.46	-	-
Other financial liability	-	2,359.48	-	-
TOTAL	**7,409.94**	**14,666.39**	**3.04**	**-**

36. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to

i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) Maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Net Debt	14,374.75	8,561.53
Total Equity	91,382.41	64,159.72
Debt Equity Ratio	**0.16**	**0.13**

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

37. Reconciliation of tax expenses

i) Income tax

Particulars	As at 31st March, 2017	As at 31st March, 2016
Amount recoginised in statement of profit & loss account		
Current tax	3,679.37	3,053.99
MAT credit entitlement	(288.20)	(501.29)
Deferred tax expenses (Income) - relating to origination and reversal of temporary differences	1,076.08	1,009.21
Taxes expenses for the year	**4,467.25**	**3,561.91**
Reconcilation of effective tax rate		
Profit before tax	15103.71	14036.18
Share in profit /(loss) of Associate/Joint Ventures	(513.61)	(149.71)
Profit before tax	**15617.32**	**14185.89**
Enacted tax in India	5404.84	4821.78
Expenses disallowed under income tax	330.41	94.62
Weighted deduction on research and development expenditure	(1,287.30)	(1,171.00)
Exempt income and other deductions	(573.47)	(685.43)
Basis difference that will reverse during the tax holiday period	-	288.98
Non taxable subsidiaries and effect of differential tax rate under various jurisdiction	603.03	215.01
Other	(10.27)	(2.05)
	4467.25	**3561.91**
Effective tax rate	28.60%	25.11%

ii) Deffered tax liability

Particulars	Opening balance	Charge (Credit) to Profit & Loss account	Through OCI	Closing balance
For the year ended 31, March-2016				
Property, plant and equipment, and intangible assets (including unabsorbed losses)	4,000.03	885.16		4,885.20
Capital subsidy accounted using income approach	30.54	3.16		33.69
Investments to be recognised at Fair Value through profit & loss	115.30	123.67		238.98
Others	193.75	5.61		199.36
Gross deferred tax Liability	**4,339.61**	**1,017.60**	**-**	**5,357.21**
Gross deferred tax assets				
Defined benefit obligations	132.11	10.72	(10.29)	132.54
Employees benefit liability	-	14.57		14.57
Fair valuation of Interest Rate Swaps	15.90		(11.28)	4.62
Leasehold land amortisation	18.66	5.69		24.35
Due to change in method of consolidation	91.52	(11.25)		80.27
Gross deferred tax assets	**258.19**	**19.73**	**(21.57)**	**256.35**
Net Liability	**4,081.42**	**997.87**	**(21.57)**	**5,100.86**

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

Particulars	Opening balance	Charge (Credit) to Profit & Loss account	Through OCI	Closing balance
Movement of Deferred tax Assets / Liability				
Property, plant and equipment, and intangible assets	4,885.20	993.15	-	5,878.35
Capital subsidy accounted using Income Approach	33.69	3.83	-	37.52
Investments to be recognised at Fair Value through profit & loss	238.98	174.76	-	413.74
Others	199.35		-	199.35
Gross deferred tax Liability	**5,357.21**	**1,182.23**	**-**	**6,539.44**
Gross deferred tax assets				
Defined benefit obligations	132.54	39.81	1.31	173.66
Employees benefit liability	19.19	3.96		23.15
Fair valuation of Interest Rate Swaps	24.35			24.35
Leasehold land amortisation	80.27			80.27
Gains/(losses) on hedging instrument in cash flow hedges			62.38	62.38
Gross deferred tax assets	**256.35**	**43.77**	**63.69**	**363.81**
Net Liability	**5,100.86**	**1,138.46**	**(63.69)**	**6,175.64**

38. Segment Information

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation, formulation and product developmnt are inter related and integral part of business of " pharmaceutical poducts ". In accordance with the provision of Ind AS -108 power segment in not falling in the prescribed limt specified under Ind-AS - 108, hence segment reporting is not applicable.

(a) Information about products and services:

Product	Revenue from product & Service March 31, 2017
Bulk Drug	21,123.30
Intermediate	39,912.62
Others	17320.33
Total	**78356.25**

(b) Information about geographical areas

Geographical Information	Revenues	Non-current assets
(A) Within India	22,685.84	71,414.59
(B) Outside India		
(i) Europe	41,465.75	1,385.67
(ii) USA	10,245.27	-
(iii) Others	3,959.39	-
Total	**78,356.25**	**72,800.26**

(c) Information about major customer

Revenue from transactions with a single customer exceeds to 10 % or more of entity's revenues in case of 2 customer.

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

39. Business Combination

(a) Summary of Acquisitions : On 31st October parent Company Shilpa Medicare Ltd acquired 100% shares of Koaana Healthcare Ltd (UK)

(b) Details of purchase consideration, net assets acquired and goodwill are as follows:

Purchase Consideration	**Koaana Healthcare Limited (UK)**
Cash	0.10
Particulars	**Koaana Healthcare Limited (UK)**
	Fair Value
Assets	68.03
Liabilities	407.46
Net Identifiable Assets	**(339.43)**
Less:	
Consideration transferred	0.10
Non Controlling interest in the acquired entity	0
Acquisition date fair value of previously held equity interest	0
Goodwill on acquisition	**339.53**

40. Disclosure on Specified Bank Notes [SBN'S]

Particulars	Specified Bank Notes'#	Other denomination	Total
Closing cash in hand as on November 8, 2016	3.80	7.57	11.37
(+) Permitted receipts	-	37.11	37.11
(-) Permitted payments	-	28.50	28.50
(-) Amount deposited in Banks	3.80	-	3.80
Closing cash in hand as on December 30, 2016	-	16.15	16.15

#Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016

41. EARNINGS PER SHARE ('EPS')

Particulars	As at 31st March, 2017	As at 31st March, 2016
Earnings		
Profit for the year (before other comprehensive (income)/expenses)	10636.46	10474.28
Shares		
Basic outstanding shares	77,897,520	77,101,804
Dilutive outstanding shares	77,897,520	77,897,520
Earning Per Shares		
Basic (in Rs)	13.76	13.59
Diluted (in Rs)	13.76	13.59

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

42. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below:

(i) Key Management Perosonnel

(a) Omprakash Inani (Chairman)

(b) Vishnukanth C. Bhutada (Managing Director)

(c) Vimal Kumar Shrawat (Chief Operating Officer)

(d) N.C Bhandari (Chief Financial Officer - Resigned)

(e) Rajendra Dugar (Chief Financial Officer)

(f) Sujani Vasireddy (Company Secretary - Resigned)

(g) Madhu Sudhan Reddy (Company Secretary)

(h) Ajay Vamuri (Company Secretary - Resigned)

(ii) Associates

a) Reva Pharmachem Pvt Ltd

(iii) Joint Venture (JV)

a) Maia Pharmaceuticlas INC. USA

b) Raichem Medicare Pvt Ltd

b) Reva Medicare Pvt Ltd

Relative

(a) Dharmavati Bhutada

(b) Deepak Kumar Inani

(c) Keshav Bhutada

(d) Madhav Bhutada

(e) Namrata Bhutada

4. (v) Enterprises having common Directors/ Board of Trustees

a) Shilpa Foundation

b) Mohini Infra Pvt Ltd

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2016 to March 31,2017 Income/ (Expenses) Other Transaction	Balance as at March,31,2017 (Payable)/ Receivable	April 1, 2015 to March 31,2016 Income/ (Expenses) Other Transaction	Balance as at March,31,2016 (Payable)/ Receivable
A	**Remuneration paid to Key Management Personnel**						
	Omprakash Inani	Chairman	Sitting fees	(0.40)	Nil	(0.30)	Nil
	Vishnukant.C. Bhutada	Managing Director	Salary and perquisites	(805.50)	(418.95)	(685.90)	(344.95)
	Vimal Kumar Shrawat	Chief Operating Officer	Salary and perquisites	(137.85)	(10.82)	(122.24)	(5.25)
	N.C Bhandari	Chief Financial Officer	Salary and perquisites	(7.69)	Nil	(17.90)	(0.73)
	Rajendra Dugar	Chief Financial Officer	Salary and perquisites	(17.04)	(2.04)	-	-
	Sujani Vasireddy	Company Secreatry	Salary and perquisites	(0.90)	Nil	(0.75)	(0.15)
	Madhu Sudhan Reddy	Company Secreatry	Salary and perquisites	(4.62)	(0.31)	-	-
	Ajay Vamuri	Company Secreatry	Salary and perquisites	-	-	(0.78)	(0.13)
	Raichem Medicare Pvt.Ltd.	Joint Venture					
			Purchases of goods	(4,001.70)		(787.46)	
			Sales of product / others	2644.96		78.85	
			Advances for supply / Trade receivable		3081.51		
			Interest	236.80		213.42	
			Loans		1271.58		1921.43
			Expenses incurred on behalf of the related party			0.57	
			Guarnatee given#		10483.86		10623.86
	Reva Pharmachem Pvt Ltd	Associates	Sales	14.19			
			Commission	(13.00)		(2.87)	
			Interest	20.15		18.63	
			Loan		175.34		217.21
			Expenses incurred on behalf of the related party	3.00		3.00	

(Contd.)

Notes Forming Part of Consolidated Financial Statement for the Year Ended 31st March, 2017

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2016 to March 31,2017 Income/ (Expenses) Other Transaction	Balance as at March,31,2017 (Payable)/ Receivable	April 1, 2015 to March 31,2016 Income/ (Expenses) Other Transaction	Balance as at March,31,2016 (Payable)/ Receivable
	Maia Pharmaceuticals Inc.USA	Joint Venture	Sales	2.48			
			Trade receivable		156.44		157.55
	Shilpa Foundation	Trust in which key management are the board of trustees Director are Trestee	CSR Expenditure	(327.98)			
			Donations	(3.95)		(1.50)	
	Deepak Kumar Inani	Relative	Remuneration	(22.14)	(1.30)	(22.18)	(1.19)
	Keshav Bhutada	Relative	Remuneration	(5.38)	(0.73)		
	Madhav Bhutada	Relative	Remuneration	(5.38)	(0.73)		
	Keshav Bhutada	Relative	Rent	(0.90)	0.00		
	Madhav Bhutada	Relative	Rent	(0.90)	0.00		
	Dharnavati Bhutada	Relative	Rent	0.00	0.00	(2.06)	
	Mohini Infra Pvt Ltd	Company in which key management are the Director	Rent	(26.30)		(16.87)	

a) The above disclosures include related parties as per Ind AS 24 on Related Party Disclosures.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

#The outstanding laibilities against corporate guarantee given to Raichem Medicare (P) Ltd. is Rs. CY 7501.14 (P.Y. 9092.63)

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

43. OPERATING LEASE

The company has set up its formulation unit located at Jedcherla on leased land taken under operating lease for a period of 33 years from Telangana state Industrial Infrastructure Corporation Ltd (TSSIC) which is extendable for another period of 33 years upon mutual consent on the expiry of the original lease period of 33 years.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Less than one year	16.72	16.72
between one and five years	66.88	66.88
Total	**83.60**	**83.60**

44. Amount payable under the "Micro, Small and Medium enterprises development Act, 2006" is based on the information received by the Company. Amount due to such vendor as at balance sheet date is Rs. 185.31 (P.Y 0.12) Lakhs Included in Trade Payable.

45. Out of the sum of Rs 52.97 lakhs(P.Y 53.33) the Company is in the process of filing appeal before the Karnataka Appellate Tribunal for refund of input tax paid on Capital Goods amounting to Rs.26.48 lakhs (PY: Rs.26.48) lakhs and Rs. 2.43 Lakhs paid on regular consumable items which in its opinion are allowable under the Act, however disallowed by the assessing authority under Karnataka Value Added Tax Act, 2003 The same is shown under note 8 (b) (ii).

46 The Company had allotted 3,025,000 equity shares on 26/12/2016 on preferential basis. The same are considered for the purpose of computing EPS for the current year.

47 Balances of trade receivables / trade payables / Advances and security deposits are subject to confirmation.

48 Figures of the previous year/quarter have been regrouped/rearranged wherever necessary.

As per our report of even date.
for **Bohara Bhandari Bung And Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S-200013

CA. Yogesh.R.Bung
Partner
M.No. 143932

Place : Hyderabad
Date : 29th May, 2017

For and on behalf of the Board of Directors

Omprakash Inani
Chairman
DIN : 01243391

Madhusudhan Reddy
Company Secretary

Vishnukant C. Bhutada
Managing Director
DIN : 01301385

Rajendra Dugar
Chief Financial Officer
M. No. 056677

ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF COMPANY CONSOLIDATED AS SUBSIDIARY

Sl. No.	NAME OF THE COMPANY	NET ASSETS i.e. TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE IN PROFIT OR LOSS		SHARE IN OTHER COMPREHENSIVE INCOME		SHARE IN TOTAL COMPREHENSIVE INCOME	
		AS % OF CONSOLIDATED NET ASSETS	[AMT. RS.]	AS % OF CONSOLIDATED PROFIT / LOSS	[AMT. RS.]	AS % OF CONSOLIDATED OTHER COMPREHENSIVE INCOME	[AMT. RS.]	AS % OF CONSOLIDATED TOTAL COMPREHENSIVE INCOME	[AMT. RS.]
A	**Parent - Indian**								
	Shilpa Medicare Limited	104.61%	95599.28	119.02%	12659.054	100.00%	-182.60	116.36%	12476.46
B	**(a) Subsidiaries - Indian**								
1	Shilpa Therapeutics Private Ltd	0.35%	321.39	-0.96%	(102.06)	0.00%	0	-0.95%	(102.06)
2	INM Technology Private Limited	-0.72%	(656.50)	-5.33%	(566.47)	0.00%	0	-5.28%	(566.47)
	(b) Subsidiaries - Foreign								
1	Makindus. Inc	(0.00)	(302.28)	-0.94%	(100.14)	0.00%	0	-0.93%	(100.14)
2	Koanaa Healthcare Limited (UK)	(0.00)	(426.39)	-0.34%	(35.65)	0.00%	0	-0.33%	(35.65)
3	Koanaa Healthcare GmbH (Austria)	-0.51%	(462.27)	-5.98%	(635.86)	0.00%	0	-5.93%	(635.86)
4	Zatortia Holding Limited	1.82%	1661.15	2.32%	246.901	0.00%	0	2.30%	246.90
5	Loba Feinchemie GmbH								
C	**Non Controlling Interests in all Subsidiaries**	-0.21%	(195.80)	-2.97%	(315.64)	0.00%	0	-2.94%	(315.64)
D	**(a) Associates (Investment as per equity method) - Indian**								
1	Reva Pharmachem Private Limited	-0.24%	(215.17)	-0.01%	(1.25)	0.00%	0	-0.01%	(1.25)
E	**(a) Joint Ventures (Investment as per equity method) - Indian**								
1	Reva Medicare Private Limited	0.07%	62.38	0.29%	30.809	0.00%	0	0.29%	30.81
2	Raichem Medicare (P) Ltd	1.00%	915.13	-7.20%	(766.34)	0.00%	0	-7.15%	(766.34)
	(b) Joint Ventures (Investment as per equity method) - foreign								
1	Maia Pharmaceuticals Inc.	1.32%	1207.17	2.11%	224.46	0.00%	0	2.09%	224.46

Shilpa Medicare Limited

Innovating for affordable healthcare

CIN : L85110KA1987PLC008739

Registered Office: # 12-6-214/A1, Hyderabad Road, Raichur - 584 135

● E-mail : **info@vbshilpa.com** ● Website : www.**vbshilpa**.com

30th ANNUAL GENERAL MEETING

ADMISSION SLIP

DATE	VENUE	TIME
29th September, 2017	**# 12-6-214/A1,** Hyderabad Road, Raichur - 584 135	12.15 P.M.

Name & Address of Member Serial No. :

I certify that I am a Member / Proxy for the Member holding _____ shares.

Please (✓) in the box

☐ Member ☐ Proxy

Name of the Proxy in Block Letters

Signature of Member/Proxy attending

NOTES: i) Member/Proxy attending the Annual General Meeting(AGM)must bring is/her Admission Slip which should be signed and deposited before entry into the meeting hall.

ii) Duplicate Admission Slip will not be issued at the venue.

ELECTRONIC VOTING

Electronic voting(e-voting) facility is being provided in respect of the Resolutions proposed at the 30th AGM, in accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Please see Note No.17 to the Notice dated 10th August 2017, convening the AGM for the procedure with respect to e-voting.

Your e-voting user ID and password are provided below:

Electronic Voting Event Number (EVEN)	User ID	Password
		Use your existing password

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Shilpa Medicare Limited

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CIN : L85110KA1987PLC008739

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● E-mail : **info@vbshilpa.com** ● Website : www.**vbshilpa**.com

30th ANNUAL GENERAL MEETING

PROXY FORM

Serial No. :

1.	Name(s) of Member(s) including joint holders, if any	:
2.	Registered address of the sole/first named Member	:
3.	E-mail ID	:
4.	DP ID No. & Client ID No. / Registered Folio No.	:

I / We, being the Member(s) of _____ shares of **Shilpa Medicare Limited**, hereby appoint

(1) Name : _____ Address :_____

_____

E-mail ID : _____ Signature :_____

or failing him

(2) Name : _____ Address :_____

_____

E-mail ID : _____ Signature :_____

or failing him

(3) Name : _____ Address :_____

_____

E-mail ID : _____ Signature :_____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting (AGM) of the Company to be held on the Friday 29th September, 2017 at 12.15 p.m, at #12-6-214/A1, Hyderabad Road, Raichur - 584 135 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Optional (✓)	
		For	Against
Ordinary Business			
1.	Adoption of Accounts for the financial year ended 31st March, 2017, the Balance Sheet as at the date and the Reports of the Directors and Auditors thereon.		
2.	Confirm the Interim dividend of Re.0.60 per share paid and declare the same as the dividend for the year 2016-17.		
3.	Appointment of Ms. Namrata Bhutada (DIN No.05133614) who retires by rotation and offers herself for re-appointment.		
4.	Appointment of M/s. Brahmayya & Co, Chartered Accountants, as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 35th Annual General Meeting and to authorize the Board of Directors to fix their remuneration.		
Special Business			
1.	Appointment of Mr.Naresh Patwari (DIN No.03319397) as Director.		
2.	Approval of Ratification of Remuneration to Cost Auditors.		
3.	Approval of Related Party Transaction.		

Signed this_____day of_____2017.

Signature of shareholder:

Affix Re.1/- Revenue Stamp

NOTE : 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

State of art facility for injectable block: line 2



Vial washer & Tunnel



Filling, stoppering, Lyo, capping line isolator







New oncology block: API facility

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Innovating for affordable healthcare

SHILPA MEDICARE LIMITED
“Shilpa House”
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URL: www.vbshilpa.com