



J. B. CHEMICALS & PHARMACEUTICALS LIMITED

# AGGRESSIVE PLANS. ACCELERATING PACE.

ANNUAL REPORT 2017-18



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### Forward-Looking Statements

*In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward-looking statements that set out anticipated performance/results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and realisation of assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.*

JBCPL, one of India's leading pharmaceutical companies, manufactures & markets a diverse range of pharmaceutical formulations, herbal remedies and APIs.

JBCPL exports to many countries worldwide with presence in US, Europe, Australia, South Africa, other developing countries, Russia and CIS. The Company continues to invest in growing its share in the regulated markets such as USA, Europe and Australia. JBCPL has a strong R&D and regulatory set-up for development of new drug delivery system and formulations, filing of ANDAs and DMFs. Its state-of-the-art manufacturing facilities are approved by health authorities of key regulated markets.

# Lifetime Achievement Award



Shri J.B. Mody, Founder Chairman & Managing Director, was conferred a lifetime achievement award by AWACS.

AWACS is a leading pharmaceutical market research company that also honours stalwarts of the industry.



# Chairman's Statement



“Total sales for FY 2017-18 at ` 1,227.80 crores registered growth of 5.17%, while total income for the year at ` 1,289.99 crores registered growth of 3.65%”

## PERFORMANCE

The financial performance of your Company during FY 2017-18 suffered particularly due to continued weakness in international business. While domestic formulations business continued to show robust performance, currency depreciation and pricing pressure in some markets impacted the exports. We have taken steps to create more focussed approach in international business which, I believe, will yield good results going forward.

Total sales for FY 2017-18 at ` 1,227.80 crores registered growth of 5.17%, while total income for the year at ` 1,289.99 crores registered growth of 3.65%. Besides lower growth in income, investment in expansion of field force in domestic market, higher depreciation and certain non-recurring operational expenditure impacted the profits. The profit after tax for the year at ` 128 crores was 26% lower over the previous year.

Performance at group level too fell short of the target as sales of the subsidiary companies were lower than the previous year. Consolidated income for the year was ` 1,450.08 crores against ` 1,418.47 crores in the previous year. Consolidated profit after tax at ` 138.34 crores was 24.84% lower compared to the previous year.

I consider this dip in performance temporary. I am hopeful that our growth plans for domestic and international business will help us deliver better performance. I shall now touch upon your Company's main businesses, their performance and our plans going forward.

## DOMESTIC FORMULATIONS BUSINESS

I am happy to share with you that domestic formulations business continued to grow at better than industry rate for fourth year in running. With net sales of ` 543.60 crores, the domestic formulations business achieved growth of 9.63% against the industry growth of 6% (AWACS, March 2018), while focus products registered growth of 23%. An anti-hypertensive brand Cilacar crossed ` 150 crores in sales. The consolidation and renewed focus in this business that commenced some six years ago has not only helped in consistent growth but also in creating a robust business that has developed new brands. The Company is ranked 37<sup>th</sup> in the domestic industry with Company's four brands viz., Rantac (anti-peptic ulcerant), Metrogyl (amoebicides), Cilacar (calcium channel blocker) and Nicardia (calcium channel blocker) featuring in top 200 brands in unit terms (AWACS, March 2018).

In FY 2017-18, the Company initiated exercise of restructuring of Unique and JB divisions to create therapy focussed divisions to support growth. As a result, the Company now has therapy focussed 4 divisions viz. VIVA, JIVA, DIVA and IIVA with total strength of more than 2,000 field people for better focus on the product portfolio and wider reach in the market. This has now also created capacity to efficiently handle more products. The Company has laid out aggressive business strategy for this business to accelerate the growth. With more feet on street coupled with intensive training, scientific product promotion and introduction of new products is expected to help deliver superior performance.

The investment in expansion of field force will impact bottom line for some time but is expected to result in better growth in top line and bottom line in coming years.

The future outlook of the domestic formulations industry appear positive. Let me tell you that your Company is committed to growing this business and will continue to make necessary investment in products, people and processes to achieve growth objective.

The contrast media products business in the domestic market achieved

marginal growth at sales of ₹ 44.54 crores. This business is fraught with severe price competition leading to erosion of margins. In order to differentiate and grow, the Company plans to launch next generation MRI contrast media agents during current year and also focus on Tier II and Tier III cities offering diagnostic facilities.

### EXPORTS

Overall exports of formulations amounted to ₹ 537.88 crores during the year, which represents moderate growth of 2.65% over the previous year. Global business exports at ₹ 398.13 crores were higher by 5.28% in Rupee terms, while Russia-CIS and other exports were lower. While sales to the focus markets of US, Australia and South Africa achieved growth, the sales to certain African and Middle-east countries faced slowdown due to local currency depreciation and payment delays.

The sales to the US market at over ₹ 100 crores are now sizeable for the Company thanks to the focussed investment in ANDAs made so far.

We now have 11 ANDAs approved by US FDA, while 6 ANDAs are pending approval. We plan to file 6 more ANDAs during the current year. The Company is committed to growing US business and will make necessary investments in this regard. The Company continues to also focus on lucrative site variation opportunities for multinationals as well as growing sales of generic products.

The primary sales for Russia-CIS market at ₹ 60.53 crores were marginally lower. Market situation in Russia presently appears difficult. There was no secondary sales growth in Ruble terms in that market during April '17 to February '18 (IMS). However,

the Russian market remains potential. The Company is currently investing in new products for the Russian market to grow the products basket. Certain topical, lozenges and contrast media products are under registration process, while two new products are under clinical trial.

The Company's South African subsidiary, Biotech Laboratories (Pty.) Ltd., recorded revenue of 274.90 million Rands. This was lower compared to the previous year due to certain tender purchases not materialising. However, Biotech was able to achieve profit before tax of 20 million Rands, the same as last year. Biotech is in the process of commercialising several acquired dossiers approved by MCC, South Africa. Biotech's broadbased product basket, good product pipeline and strong marketing skill makes me confident of its better performance in coming years.

### API BUSINESS

The sales in API business at ₹ 92.76 crores were marginally higher over the previous year. Significant part of this business is out of contract manufacturing arrangement.

### RESEARCH & DEVELOPMENT (R&D)

The R&D division continues to play an important role in your Company's growth. R&D is currently focussed on the development of new formulations for ANDAs filings and new products for Russian market, new drug delivery systems and new formulations and APIs. Our R&D has been playing an important role in the growth of exports. Let me underline that R&D activities will continue to remain in the forefront for driving future growth of your Company. We are hopeful that our R&D initiatives will foster growth going forward.



### CHALLENGES AHEAD

Like all businesses, we also have challenges. For the domestic market, increasing span of price control and Government's new stand on fixed dose combinations are some of the hurdles that we face. For the international business, currency volatility and changing regulatory environment are the challenges, to name a few.

With focus on building brands and increasing operations size in the domestic business, we are hopeful of a bright future. With focus on US business and other key markets and contract manufacturing, we are hopeful of good growth in the global business.

### STAKEHOLDERS' SUPPORT

I take this opportunity to thank members of the medical profession, trade, institutions, government and semi-government hospitals, customers and shareholders for their continued trust and support. On behalf of the management of JBCPL, I would also like to thank all the employees of the Company for their deep commitment to achieving the Company's objectives. I am confident that with this commitment and support, your Company will continue to surge ahead.

**J.B. Mody**

Chairman & Managing Director

# Domestic Formulations



**Mr. Shirish B. Mody**

Whole time Director (Marketing)

During FY 2017-18, the domestic formulations' net sales at ₹ 543.60 crores registered a growth of 9.63% against industry growth of 6% (AWACS, March 2018). It is fourth year in running where the Company's domestic formulations business has grown at better than industry growth rate. The focus products group achieved healthy growth of 23%. The Company's key brands Cilacar (calcium channel blocker), Rantac (anti-peptic ulcerant), Nicardia (calcium channel blocker) and Metrogl (amoebicides) continued to contribute to good growth.

→ In FY 2017-18, the Company initiated exercise of restructuring of Unique and JB divisions to create therapy focussed divisions to support growth. This exercise resulted into split of Unique division into VIVA and JIVA divisions, which with JB division supported the sales for the year. Towards the end of the year, further restructuring to

create greater therapy focus was undertaken as a result of which we now have 4 divisions viz. VIVA, JIVA, DIVA and IIVA with total strength of more than 2,000 field people for better focus on the product portfolio and to attain wider reach in the market. The aggressive business strategy for this business coupled with intensive training, scientific promotion and introduction of new products has started to show positive results. This has also enhanced capacity to widen products basket in focus therapy areas and also efficiently handle more products. The investment in expansion will impact bottom line in the short term but is expected to result in better growth in top line and bottom line in coming years.

→ The Company is ranked 37<sup>th</sup> in the domestic Industry with Company's four brands viz., Rantac (anti-peptic

ulcerant), Metrogl (amoebicides), Cilacar (calcium channel blocker) and Nicardia (calcium channel blocker) featuring in top 200 brands in unit terms (AWACS, March 2018). The sustained brand building efforts in cardiac, gastro intestinal, dermatological and pain management segments have met with good success.

→ The consolidation and renewed focus in this business that commenced some six years ago has not only helped in consistent growth but also in creating a robust business that has developed new brands for future with Cilacar crossing over ₹ 150 crores in sales. The sales of chronic products have increased from 26% of sales in FY 2013-14 to 55% of sales in FY 2017-18. Further, the dependence on price-controlled products has gradually been declining.





**Mr. Pranabh Mody**

President & Whole time Director  
(Operations)

During the year, the Company launched four new products in dermatology, amoebicide and probiotic segments, all of which have performed well. During the current year, the Company plans to launch new products in anti-hyperlipidemic, anti-hypertensive, wound management, cardiology, gastro and probiotic segment.

- ➔ The Company continues to invest in scientific training and development of medical executives to enhance their in-clinic efficiency and thus increase the productivity as well as scientific product promotion among doctors. This is backed by motivating incentive schemes to realise potential of the people and the products.
- ➔ The industry is expected to grow better than last year in view of increasing per capita consumption of drugs, improved health care access, increasing

health awareness and increasing penetration in Tier II, Tier III and rural market. The Company believes that its well established brands, pan India presence and therapy focussed approach will facilitate the growth going forward.

- ➔ The intense competition in the industry, increasing span of price control and Government's approach to drug pricing and fixed dose combinations have made the operations more challenging.
- ➔ The contrast media products business with sales of ₹ 44.54 crores achieved growth of 1.42%.
- ➔ This business is fraught with severe price competition leading to erosion of margins. In order to differentiate and grow, the Company plans to launch next generation MRI contrast media agents during current year and also focus on Tier II and Tier III cities offering diagnostic facilities. In addition, the Company plans aggressive focus on government tenders.



# Exports



**Mr. Dinesh B. Mody**

Whole time Director (Administration)

**The Company's total formulations exports at ₹ 537.94 crores registered growth of 2.65% over the previous year.**

→ Exports to Global markets (other than Russia-CIS) at ₹ 398.13 crores were 5.25% higher. The lower growth in exports to Global markets was a result of cautious approach to sales due to high exposure and delays in payment in certain countries that witnessed currency depreciation. Further, exports realisations were impacted due to strong Rupee against USD during the year.

The sales to the US at ₹ 107 crores were 6% higher. The sales to other key markets viz. Australia and South Africa and focus markets in Africa and South East Asia also registered good growth.

→ ANDA products and contract manufacturing have been identified as growth drivers for the Global business. During the year, US FDA approved Company's ANDA for Lithium Carbonate Extended-

Release Tablets USP 450 mg. (anti-manic) and Supplementary Abbreviated New Drug Application (sANDA) for Atenolol Tablets USP 25 mg., 50 mg. and 100 mg. (anti-hypertensive) manufactured using Company's own bulk drug.

The Company has now 11 approved ANDAs, while 6 ANDAs are pending with US FDA for approval. During the year, the Company plans to submit 6 ANDAs to US FDA for approval. Last year, the Company acquired several dossiers approved by MCC, South Africa. The marketing authorisations for which have been transferred to Company's subsidiary Biotech Laboratories (Pty.) Ltd. Most of these products will be manufactured by the Company under site variation arrangement.

→ The exports for Russia-CIS market at ₹ 60.53 crores were marginally lower. Russia is a potential market and continues to remain focus market for the Company. The Company is currently investing in new products for the Russian market to grow the products basket. Certain topical, lozenges and contrast media products are under registration process, while two products are under clinical trial.

→ API exports for the year were ₹ 90.79 crores against ₹ 90.87 crores in the previous year. Company's API manufacturing facility at Panoli, Gujarat successfully passed periodical inspection by US FDA during the year. The minor procedural observations pointed out during inspection have been addressed.

→ The Company continues to manufacture and supply OTC products to Cilag GmbH international. This business is expected to grow in view of return of normalcy in the Russian market.

→ During the year, Medicines Authority of Malta accorded approval to the Company's manufacturing facilities at Panoli, Gujarat for tablets, capsules, liquids for internal use and semi-solids. This approval is valid in entire European Union. This approval will not only help Company increase its product basket for this market but will also boost contract manufacturing business, which is a focussed business area. The Company's manufacturing facility at Daman already enjoys EU approval for tablets and lozenges dosage forms.

## US Business Partner



**Mr. Shekhar Nadkarni**



**Mr. Ravi Gulgule**



**Mr. Sandeep Nasa**

Head - Russia-CIS business

- ➔ During the year, the Company's South African subsidiary, Biotech Laboratories (Pty.) Ltd. ("Biotech"), recorded sales of 274.90 million Rand, 19.79% lower than the previous year due to certain tender purchases not materialising. However, Biotech was able to achieve PBT of 20.16 million Rand against PBT of 20.08 million Rand in the previous year. Biotech's existing business and product pipeline hold high growth potential.
- ➔ Company's wholly-owned subsidiary Unique Pharmaceutical Laboratories FZE ("UPL FZE") was master distributor of Company's products in Russia-CIS market up to December 31, 2017, and in the course of such business, UPL FZE sold Company's goods in Russia and customers in CIS. Effective January 1, 2018, UPL FZE has discontinued marketing and sales activities in Russia-CIS and consequently, the Company has resumed the said role.
- ➔ Contract manufacturing projects in the area of lozenges, tablets, ointments, creams and gels for multinational companies have been consistently doing well. The Company's state-of-the-art manufacturing facilities with approvals from international health authorities such as US FDA, UK MHRA, EU GMP, TGA Australia, MCC South Africa, Ukraine (PICs) with strong manufacturing, regulatory and development support give the Company the needed platform to succeed.
- ➔ The international business faces challenges such as currency volatility, price erosion and changing regulatory environment. However, the Company is optimistic about its growth prospects in international business.



**Mr. Jay Mehta**  
Sr. Vice President -  
(International Division)



**Mr. Nirav Mody**  
Sr. Vice President - Strategic  
Marketing and Business Development



Team Biotech with Mr. Bharat P. Mehta - Whole time Director (Planning & Development), Mr. P. K. Singh - President - Global Business and Mr. Stewart Barker - Chief Executive Officer of Biotech



**Mr. Bharat P. Mehta**  
 Whole time Director  
 (Planning & Development)

Sr. No.	Health Authority	Facility Approved
1	US FDA	Tablets, APIs
2	EU GMP	Tablets, Capsules, Lozenges, Ointments, Gel, Creams, Liquid, API
3	MCC, South Africa	Tablets, Injections, Lozenges
4	TGA, Australia	Tablets, Lozenges, Ointments, Gel, Creams, Liquid
5	PIC/S (MOH, Ukraine)	Tablets, Lozenges, Injections, Liquid, Ointments, Gel, Creams, Powder
6	MOH, Japan	API
7	MOH, Russia	Liquid, Injections
8	ANVISA, Brazil	Injections
9	Health Canada	Liquid, Lozenges
10	MOH, Korea	API



State-of-the-art Tablets manufacturing facility at Panoli, Gujarat



**Mr. Kamlesh L. Udani**  
Executive Director  
(Technical & Production)



State-of-the-art Formulations manufacturing facility at Panoli, Gujarat



State-of-the-art US FDA approved API facility  
at Panoli, Gujarat



State-of-the-art Tablets and Lozenges manufacturing  
facility at Kadaiya, Daman

# Corporate Social Responsibility

The Company's philosophy is to conduct its business in a socially, environmentally and ethically responsible manner and contribute to the society and environment in which it operates; with an aim to assist the people at large to improve their life or condition.



The promoters of the Company have long been involved in 'giving back to society' and have regularly supported and contributed to a variety of causes including relief and rehabilitation, promotion of education, provision of free or affordable medical facilities, child and women development schemes, women empowerment schemes, etc. The operating philosophy of the Company has been guided by this approach and the Company too has been regularly contributing to socially responsible activities as an integral part of its governance.

The Company has formulated a CSR Policy not only to ensure compliance but also to carry out CSR activities in a structured manner. The objective of the Policy is to strive to create and/or encourage positive impact on the society at large through CSR activities or projects undertaken by the Company. At present, the Company focusses CSR activities/projects in the area of promotion of education, promoting health care including preventive health care, eradication of hunger, poverty and malnutrition and empowering women and children. Some of the projects/activities undertaken during the year are as under:

→ The Company continued its contribution to Ankleshwar

Industrial Development Society towards treatment of poor patients at Smt. Jayaben Mody Hospital run by the said society. The Company places importance on providing free and/or affordable medical facility to needy people in and around Ankleshwar, where the Company has its manufacturing facilities.

- The Company contributed to Shrimad Rajchandra Sarvamangal Trust towards setting up of hospital at Dharampur, Gujarat. This hospital aims to provide medical treatment to less-privileged people.
- The Company contributed to National Burns Centre, Airoli, Navi Mumbai for treatment of burn

injuries of poor people and for also spreading awareness about skin donation.

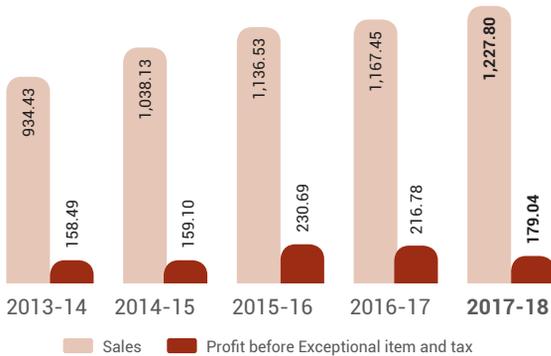
- The Company contributed to Vision Foundation of India for treatment of visually impaired poor people.
- The Company contributed to Ashoka University corpus of International Foundation for Research and Education for scholarships to poor students at undergraduate/post graduate level.
- The Company contributed to Light of Life Trust to support education of children from poor families from Nandurbar district of Maharashtra.



# Financial Highlights

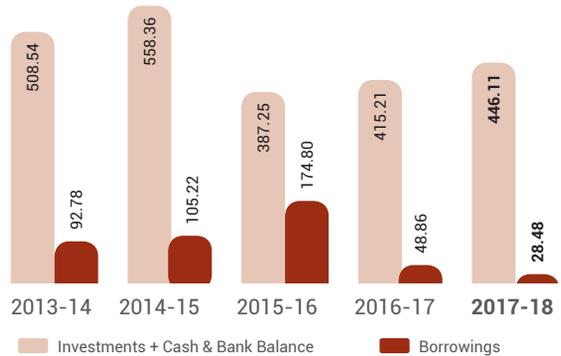
## Sales / Profit before Exceptional item and tax

(` in crores)



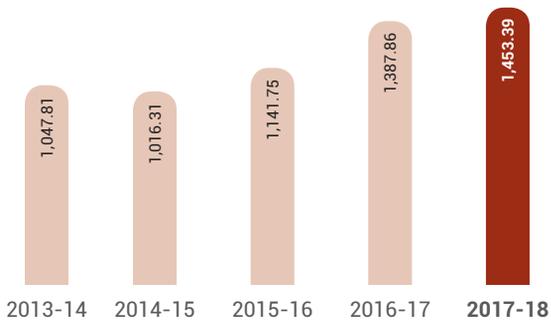
## Investments + Cash & Bank Balance / Borrowings

(` in crores)



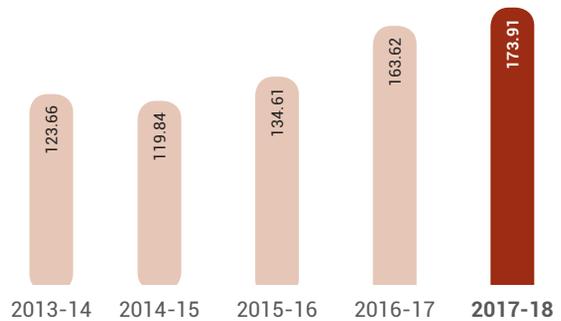
## Share Capital + Reserves & Surplus

(` in crores)



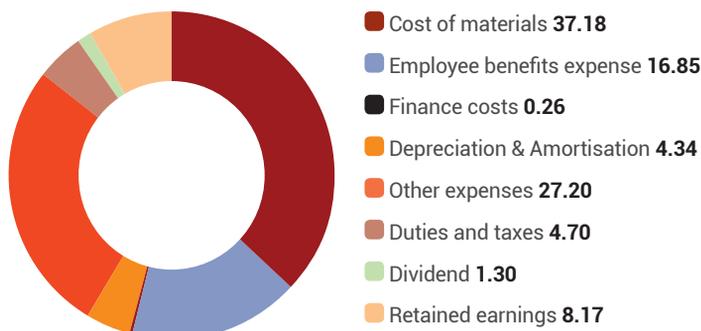
## Book Value

(`)



## Distribution of Revenue 2017-18

(%)



# Board of Directors



**Jyotindra B. Mody**  
Chairman & Managing Director



**Dinesh B. Mody**  
Whole time Director  
(Administration)



**Shirish B. Mody**  
Whole time Director (Marketing)



**Durga Dass Chopra**  
Independent Director



**Bharat P. Mehta**  
Whole time Director  
(Planning & Development)



**Pranabh Mody**  
President & Whole time  
Director (Operations)



**Rajiv C. Mody**  
Independent Director



**Kamlesh L. Udani**  
Executive Director  
(Technical & Production)



**Dr. Satyanarain Agarwala**  
Independent Director



**Krupa R. Gandhi**  
Independent Director



**Devang R. Shah**  
Independent Director



**Shaukat H. Merchant**  
Independent Director



**Dr. Manoj R. Mashru**  
Independent Director

## CORPORATE INFORMATION

### AUDIT COMMITTEE

Mr. Durga Dass Chopra (Chairman)  
Mr. Dinesh B. Mody  
Dr. Satyanarain Agarwala  
Ms. Krupa R. Gandhi

### CORE TECHNICAL TEAM

Mr. Bharat P. Mehta, Whole time director (Planning & Development)  
Mr. Kamlesh Udani, Executive director (Technical & Production)  
Dr. Milind Joshi, President – Global Regulatory Management  
Mr. Parmeshwar Bang, Vice President - Works  
Mr. M. K. Karve, Quality Controller - Corporate QA

### COMPANY SECRETARY

M. C. Mehta

### AUDITORS

M/s. Damania & Varaiya.  
Chartered Accountants  
Mumbai

### BANKERS

Bank of India  
BNP Paribas  
Standard Chartered Bank  
Citibank N. A.

### REGISTRARS & SHARE TRANSFER AGENT

Datamatics Business Solutions Ltd.  
Plot B- 5, Part- B,  
Cross Lane, M.I.D.C., Andheri (East),  
Mumbai 400 093.  
Tel No. (022) 6671 2001-06  
Fax No.(022) 6671 2011

### BUSINESS MANAGEMENT TEAM

Mr. Jyotindra B. Mody, Managing director  
Mr. Dinesh B. Mody, Whole time director (Administration)  
Mr. Shirish B. Mody, Whole time director (Marketing)  
Mr. Pranabh Mody, President & Whole time director (Operations)  
Mr. P. K. Singh, President - Global Business  
Mr. Nirav Mody, Sr. Vice President - Strategic Marketing and Business Development  
Mr. Jay Mehta, Sr. Vice President – International Division  
Mr. Savya Sachi, Director - Marketing & Sales (DBU)  
Mr. Bhushan Sachdev, Vice President – Supply Chain Management  
Mr. Vijay Bhatt, Chief Financial Officer  
Mr. B. K. Dhar, General Manager - API (Marketing)  
Mr. Mitesh Kothari, General Manager - Diagnostic

### REGISTERED OFFICE

Neelam Centre, 'B' Wing,  
4<sup>th</sup> floor, Hind Cycle Road  
Worli, Mumbai 400 030.  
Tel No.(022) 2482 2222  
Fax No.(022) 2493 0534

### CORPORATE OFFICE

Energy IT Park,  
Unit A2, 3<sup>rd</sup> floor, Unit A, 8<sup>th</sup> floor,  
Appa Saheb Marathe Marg,  
Prabhadevi,  
Mumbai 400 025.  
Tel No.(022) 2439 5200/2439 5500  
Fax No.(022) 2431 5331/2431 5334  
Website : [www.jbcpl.com](http://www.jbcpl.com)  
Email id for investors:  
[investorelations@jbcpl.com](mailto:investorelations@jbcpl.com)  
[secretarial@jbcpl.com](mailto:secretarial@jbcpl.com)

## DIRECTORS' REPORT

Your directors are pleased to present the forty-second report and audited financial statement of the Company for the financial year ended on March 31, 2018.

### 1. FINANCIAL HIGHLIGHTS

The following is the highlight of financial performance of the Company during the year under review:

	(₹ in lakhs)	
	2017-18	2016-17
Revenue from Operations	125,473.42	119,869.42
Other Income	3,525.53	4,589.03
Total Income	128,998.95	124,458.45
Profit before finance cost and depreciation	23,840.51	26,804.91
Less: Finance cost	341.36	500.13
Less: Depreciation & Amortisation expense	5,594.85	4,626.42
Profit before tax	17,904.30	21,678.36
Tax Expense	5,104.16	4,381.90
Net Profit after tax	12,800.14	17,296.46
Other Comprehensive Income	(241.63)	(270.43)
Total Comprehensive Income after tax	12,558.51	17,026.03
Earning per share of ₹ 2 (in ₹)	15.24	20.39

### 2. DIVIDEND

Your directors recommend a dividend of ₹ 2 (100%) (Previous year Re.1) (50%) per equity share of face value of ₹ 2. This together with dividend distribution tax will absorb ₹ 2,014.96 lakhs. The Board has not proposed any transfer out of profit for the financial year to reserves in relation to recommendation of this dividend.

### 3. BUY-BACK OF EQUITY SHARES

The Company completed on 25-7-2017 buy-back of 1,250,000 equity shares of face of ₹ 2 at price of ₹ 400 per share on proportionate basis through tender offer in accordance with provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998. Consequently, the paid-up equity share capital stands reduced to 83,569,975 equity shares of ₹ 2. The Company has transferred the sum of ₹ 25 lakhs from general reserves to capital redemption reserve account pursuant to Section 69 of the Companies Act, 2013.

### 4. OPERATIONS/STATE OF AFFAIRS

Total net sales for the year at ₹ 1,227.80 crores were 5.17% higher over net sales for the previous financial year.

Domestic formulations business at sales of ₹ 543.60 crores achieved growth of 9.63%, while Contrast media products sales in domestic market at ₹ 44.54 crores achieved marginal growth. The Company has made sizeable addition to the field force for domestic formulations business to meet requirement of the market and product portfolio. This initiative has begun showing positive results. Overall formulations exports at ₹ 537.88 crores grew by 2.65% over previous year. The exports to Rest of the World markets (other than Russia-CIS) at ₹ 398.13 crores registered growth of 5.28% but the same were impacted by pricing pressure and adverse currency movements in many markets. The Company continues to invest in key market of US for future growth. Exports to Russia-CIS markets at ₹ 60.53 crores were marginally lower compared to the previous year, while API business at sales of ₹ 92.76 crores registered marginal growth. The Company has been making investments to expand product portfolio for the Russian market.

The profit before tax and profit after tax for the year at ₹ 179.04 crores and ₹ 128 crores was 17.41% and 26% lower respectively compared to the previous year. The profit for the year was impacted due to expansion of

## DIRECTORS' REPORT (Contd.)

field force for domestic market and certain non-recurring operating expenditure amounting to ₹ 14.56 crores, in addition to higher depreciation and strong Rupee during the year.

### 5. RESPONSIBILITY STATEMENT

The directors confirm:

- (i) that in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed;
- (ii) that they have selected appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year 2017-18 and of profit of the Company for that year;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that they have prepared the annual accounts for the year ended on March 31, 2018 on a going concern basis;
- (v) that they have 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) that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 6. SUBSIDIARIES

The highlights of performance of subsidiary companies for the year 2017-18 is presented in Annexure-A.

The sales of Biotech Laboratories (Pty.) Ltd. ("Biotech") for 2017-18 were 12.56 % lower compared to the previous year due to certain sales in tender business not materialising, however, Biotech was able to achieve moderate growth of 9.45% in profit before tax. OOO Unique Pharmaceutical Laboratories ("OOO UPL") reported moderate growth of 4.66% in sales for the year, while profit before tax of ₹ 1.32 crores was also higher. Unique Pharmaceutical Laboratories FZE ("UPL FZE") was master distributor of Company's products in Russia-CIS market up to 31-12-2017, and in the course of such business, UPL FZE sold goods of the Company to

OOO UPL and customers in CIS. Sales of UPL FZE to OOO UPL during period up to 31-12-2017 amounted to ₹ 36.95 crores. Effective 1-1-2018, UPL FZE has discontinued marketing and sales activities in Russia-CIS and consequently, the Company has resumed the said role. The Company's sales to OOO UPL during last quarter were ₹ 9.16 crores. After inter-company adjustments, subsidiaries contributed ₹ 158.17 crores to consolidated sales and ₹ 14.90 crores to consolidated profit before tax of the Company. The above performance and growth numbers are based on conversion of respective currency into Indian Rupees.

### 7. CORPORATE GOVERNANCE AND COMPLIANCES

A certificate from auditors of the Company on compliance of conditions of corporate governance and management discussion and analysis report are annexed to this report. Compliance report on corporate governance, business responsibility report and dividend distribution policy forms part of this annual report. The Company has complied with applicable Secretarial Standards specified by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

### 8. PUBLIC DEPOSITS

The Company has not accepted any deposit covered under Chapter V of the Companies Act, 2013 during the year. All the public deposits accepted prior to the commencement of the said Act have been repaid in 2014-15.

### 9. DIRECTORS

The members of the Company appointed Dr. Manoj R. Mashru as independent director at annual general meeting held on 19-9-2017. In accordance with the provisions of the Companies Act, 2013, Mr. Shirish B. Mody retires by rotation at the ensuing annual general meeting. He, being eligible, has offered himself for re-appointment.

All independent directors have given a declaration to the Board that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 as well as in Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

At annual general meeting held on 15-9-2014, the members of the Company appointed Mr. Durga Dass Chopra, Dr. Satyanarain Agarwala, Mr. Rajiv C. Mody and Ms. Krupa R. Gandhi as independent directors for a term up to five (5) years that commenced from April 1, 2014. Thus, they hold office up to 31-3-2019. The performance evaluation ranking is high of the said

## DIRECTORS' REPORT (Contd.)

independent directors and accordingly the Board is of the opinion that continued association of these independent directors for a second term of five (5) years would be in interest of the Company. Keeping in view performance evaluation reports of these independent directors for the first term, the Board of Directors proposes re-appointment of Mr. Durga Dass Chopra, Dr. Satyanarain Agarwala, Mr. Rajiv C. Mody and Ms. Krupa R. Gandhi for a second term up to five (5) years commencing from April 1, 2019.

Total 4 meetings of the Board of Directors of the Company were held during the financial year 2017-18. They were held on May 23, 2017, August 11, 2017, November 10, 2017 and February 9, 2018.

### 10. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION POLICY

The Company's policy on directors' appointment is set out in Annexure-B. The salient features of Company's policy on remuneration for the directors, key managerial personnel and other employees is set out in Annexure-C. The said Policy including criteria for determining qualifications, positive attributes and independence of a director has been posted on the Company's website [www.jbcpl.com](http://www.jbcpl.com) and the same can be accessed using web link <http://www.jbcpl.com/investors/pdf/policy/remuneration%20policy.pdf>.

### 11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in Annexure-D.

### 12. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the requirement of Section 135 of the Companies Act, 2013, the Board of the Company has constituted Corporate Social Responsibility (CSR) Committee comprising of Dr. Satyanarain Agarwala, independent director, Mr. Bharat P. Mehta and Mr. Pranabh Mody. The CSR Committee has formulated and recommended CSR Policy to the Board, which the Board has approved. The details and contents/salient features of CSR policy and annual report on CSR in the prescribed form are set out in Annexure-E.

The Company spent ₹ 295.41 lakhs on prescribed CSR projects/activities during 2017-18 as against ₹ 391.86 lakhs being 2% of the average net profits of the Company made during three immediately preceding financial years. Pursuant to second proviso to Section 135(5) of the Companies Act, 2013, Board has to

specify that the Company could not spend ₹ 96.45 lakhs as it did not come across other deserving activity/projects in the focus area of CSR activities/projects as per CSR Policy for overall benefit of needy section of the society. CSR Committee regularly monitors implementation of the CSR Policy and looks out for activities/projects in consonance with focus area of CSR Policy.

### 13. AUDIT COMMITTEE AND VIGILANCE MECHANISM

The Board has constituted Audit Committee comprising of Mr. Durga Dass Chopra, Dr. Satyanarain Agarwala, Mr. Dinesh B. Mody and Ms. Krupa R. Gandhi. There has been no instance of non-acceptance of recommendation of Audit Committee by the Board.

The Board of Directors has established vigil mechanism in the form of Whistle Blower Policy to enable directors, employees and other stakeholders to make written Protected disclosures (as defined in the Policy) to the Chairman of the Redressal Committee for evaluation and investigation. The Policy empowers the Redressal Committee to investigate if the issue raised constitutes protected disclosure, complete the investigation in a time bound manner and recommend, after consultation with the Audit Committee, necessary corrective action to the concerned manager for implementation. The Policy provides for access of whistle blower to the Chairman of the Audit Committee in appropriate or exceptional circumstances. The Policy provides for adequate safeguards of whistle blowers against any kind of victimisation or unfair treatment but also provides for taking stern disciplinary action against who abuses the protection so granted. This functioning of vigil mechanism is periodically reviewed by the Audit Committee. The Company has posted the Whistle Blower Policy on its website [www.jbcpl.com](http://www.jbcpl.com).

### 14. ANNUAL PERFORMANCE EVALUATION

The Board of Directors carried out evaluation of performance of the Board, its Committees and individual directors during 2017-18 in accordance with the manner specified by the Nomination and Remuneration Committee (NRC) and using evaluation criteria recommended by NRC and approved by the Board.

Each Board member (excluding director being evaluated) evaluated performance of all other Board members on the given criteria, then simple average of rating assigned to performance of one director by all other directors was worked out to ascertain score of such director.

Board (excluding members of the committee being evaluated) collectively discussed and evaluated

## DIRECTORS' REPORT (Contd.)

performance of each committee on the given criteria. Based on consensus, rating was assigned and then simple average thereof was worked out for score of such committee.

Each member of the Board evaluated performance of the Board on the given criteria. The simple average of rating assigned by each Board member was aggregated and average thereof was worked out to ascertain performance of the Board.

### 15. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Form AOC-2 prescribed under Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014 provides for disclosure of (a) details of contracts or arrangements or transactions not at arm's length basis and (b) details of material contracts or arrangement or transactions at arm's length basis.

All the transactions entered into by the Company with the related parties during the year were pursuant to the contract or arrangement approved by the Audit Committee and the Board of Directors. The transactions so entered into were in the ordinary course of business of the Company and on arm's length basis. The contract or arrangement or transactions were neither material in terms of the Policy on materiality of related party transactions adopted by the Company nor it exceeded the threshold limit prescribed pursuant to first proviso to Section 188(1) of the Companies Act, 2013. However, without going by the materiality as aforesaid, the details of material/major related party contracts/arrangement/transactions at arm's length basis and entered into in the ordinary course of business of the Company are given in Form No. AOC-2 given under Annexure-F1.

However, every contract or arrangement entered into pursuant to Section 188(1) of the Companies Act, 2013 is referred to in Annexure-F2 pursuant to Section 188(2) of the Companies Act, 2013. These contracts or arrangements are in the ordinary course of business and terms thereof are on arm's length basis, and have been approved by the Audit Committee and the Board of Directors.

### 16. EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Companies Act, 2013, the extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013, as on March 31, 2018 is given in Annexure-G.

### 17. PARTICULARS OF EMPLOYEES AND OTHER REMUNERATION RELATED DISCLOSURES

A statement showing name and other particulars of the employees in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is given in Annexure-H.

The remuneration related and other disclosure required in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are given in Annexure-I.

### 18. EMPLOYEE STOCK OPTION PLAN

The disclosure of details in respect of the Company's Employee Stock Option Plan, as required under the Companies (Share Capital and Debentures) Rules, 2014 are set out in Annexure-J to this report.

### 19. RISK MANAGEMENT

The Board of Directors has developed and implemented risk management policy for the Company. The Board periodically monitors the risk management plan and reviews mitigation measure taken in relation thereto.

### 20. INTERNAL FINANCIAL CONTROLS

The Board has adopted internal financial controls encompassing policies and procedures for ensuring the orderly and efficient conduct of the business, including adherence to Company's policies, the safeguarding of the Company's assets, prevention and detection of fraud and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information. The specific internal financial controls with reference to financial statements include internal audit of important activities and processes relating to preparation of financial statements, adoption of well-defined standard operating procedure for business transactions and compliance relating thereto, use of ERP for accuracy and control, review of periodically prepared financial statements with objective to ensure that financial statements present true and fair view and are correct, sufficient, credible and in compliance with legal and regulatory requirement.

Neither management of the Company has come across any instance of fraud during the year 2017-18 nor the auditors of the Company has reported any such instance to the Audit Committee.

## DIRECTORS' REPORT (Contd.)

### 21. LOANS, GUARANTEES AND INVESTMENTS

During the year, the Company has not given any loan or guarantee or made any investment attracting the provisions of Section 186 of the Companies Act, 2013. Hence, there is no information to be furnished pursuant to Section 134(3)(g) of the Companies Act, 2013.

### 22. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report for the year 2017-18 is attached as Annexure-K.

### 23. SIGNIFICANT AND MATERIAL ORDERS

No regulator or court has passed, during the year, any significant or material order impacting going concern status and Company's operations in future.

### 24. AUDITORS

The members at last annual general meeting held on 19-9-2017 has appointed Damania & Varaiya, Chartered Accountants (having firm registration no. 102079W), as statutory auditor of the Company for a term of five consecutive years from the conclusion of the said annual general meeting. However, ratification of appointment of auditor by members at every annual general meeting is now not required pursuant to amendment made to Section 139 of the Companies Act, 2013.

### 25. SECRETARIAL AUDIT REPORT

Ashish Bhatt & Associates, Practising Company Secretaries, Secretarial Auditor of the Company, carried out secretarial audit for the financial year 2017-18 as

provided under Section 204 of the Companies Act, 2013 and the rules made there under. The secretarial audit report given by the said auditor is annexed to this report as Annexure-L.

### 26. HEALTH AND SAFETY

The Company continues to accord high priority to health and safety of employees at all manufacturing locations. During the year under review, the Company conducted safety training programmes for increasing disaster preparedness awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants.

### 27. APPRECIATION

Your Directors record their sincere gratitude to the banks for their assistance and shareholders, business associates, medical professionals and customers for their continued support and faith in the Company, and to employees of UNIQUE FAMILY for their valuable services and commitment.

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

**J. B. Mody**  
Chairman & Managing Director

Place : Mumbai  
Date : May 25, 2018

**DIRECTORS' REPORT (Contd.)****ANNEXURE - A**

Highlights of performance of the subsidiary companies during the year ended on March 31, 2018.

(₹ in lakhs)

	OOO Unique Pharmaceutical Laboratories, Russia	Biotech Laboratories (Pty.) Ltd., South Africa	Unique Pharmaceutical Laboratories FZE, Dubai
Turnover	6,458.79	13,976.89	5,806.58
Other Income	2,808.94	148.74	62.52
Total Income	9,267.73	14,125.63	5,869.10
PBT	132.52	1,025.43	(39.23)
Provision for tax	22.59	261.07	-
Deferred Tax	4.29	(0.36)	-
PAT	105.64	764.72	(39.23)

For and on behalf of the Board of Directors

**J. B. Mody**  
Chairman & Managing Director

Place : Mumbai

Date : May 25, 2018

**ANNEXURE - B****Company's Policy on directors' appointment.****Policy Statement:**

The following shall be followed/kept in view, to the extent possible and practicable while selecting any person for a position of a director of the Company.

- (a) The appointment of any director should be such as to help maintain/achieve diversity of thought, experience, knowledge, perspective and gender in the Board of Directors.
- (b) A candidate proposed for appointment as a director should be a person of integrity.
- (c) A candidate proposed for appointment as independent director shall:
  - (i) be independent of management;
  - (ii) shall possess appropriate skills, experience and knowledge in fields such as finance and financial advisory, law, management, sales, marketing, administration, corporate governance, taxation, regulatory affairs, drugs and medicine, technical operations and any other discipline related to the Company's business;
  - (iii) be such that brings in appropriate balance of skills, experience and knowledge in the Board of Directors;
  - (iv) be willing to devote time for the affairs and activities

of the Board and its Committee(s) and otherwise to enable the Board of Directors to discharge its functions and duties effectively; and

- (v) satisfy criteria of independence as mentioned in the Companies Act, 2013 and the Listing Agreement from time to time.
- (d) For independent directors, requisite professional qualification in the area of expertise is preferred. However, experience and expertise in a given field should be determining factor.
- (e) A candidate proposed for position of executive director may be from the promoter group or outside. Such candidate should have enough experience or potentially fit for the executive responsibilities.

Observance of the Policy: Besides the Board of Directors, this Policy will also be followed by the Nomination and Remuneration Committee.

For and on behalf of the Board of Directors

**J. B. Mody**  
Chairman & Managing Director

Place : Mumbai

Date : May 25, 2018

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - C

#### Salient Features of Company's Policy on remuneration for the Directors, Key Managerial Personnel and other Employees.

- The objective of remuneration for executives and employees is to focus them on achieving objectives and improving performance, to motivate and retain them and to be able to attract qualified, talented and competent executives and employees to the Company.
- The Nomination and Remuneration Committee ("Committee") shall endeavour to fix the base salaries (fixed salaries) for executive directors keeping in view practices prevailing in the industry and also variety of other factors such as experience, past performance, scope of responsibilities and complexity of functions. The annual increments in their base salaries shall be determined keeping in view performance of the Company and shall also reflect appropriate performance benchmarks.
- Non-Executive directors shall be entitled to receive remuneration by way of fee for attending meetings of the Board of Directors and Committee(s) thereof or any other purpose whatsoever as may be decided by the Board from time to time within the maximum limit prescribed under the Rules made under the Companies Act. Subject to the provisions of the Act, Non-Executive directors may also receive profit related commission as may be decided by the Board.
- The Committee shall endeavour to fix the base salaries (fixed salaries) for Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) at the time of appointment keeping in view practices prevailing in the industry and also variety of other factors such as qualifications, experience, scope of responsibilities, complexity of functions and geographical area. The annual increments in the base salaries of KMP and SMP shall be determined by the Company management keeping in view performance of the Company and performance of the employees.
- The Company management shall endeavour to fix the base salaries (fixed salaries) for other employees keeping in view qualifications, experience, scope of responsibilities, complexity of functions, geographical location and practices prevailing in the industry. The Company management shall also evaluate and explore for other employees in general or employees in any specific department or function an element of variable pay in the form of incentive, bonus etc. keeping in view short term and long term objectives of the Company. The Company management shall determine annual increments of other employees based on performance of employees, performance of the Company and practices prevailing in the industry.
- While fixing the remuneration, the Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP and SMP of the quality required to run the Company successfully. Further, the Committee or the Company management, as the case may be, shall endeavour to ensure that the remuneration and/or annual increment determined is affordable to the Company and competitive with due consideration to industry trends and the Company's own position, consistently followed practices.

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

**J. B. Mody**  
**Chairman & Managing Director**

Place : Mumbai

Date : May 25, 2018

**DIRECTORS' REPORT (Contd.)****ANNEXURE - D****Conservation of energy, technology absorption, foreign exchange earnings and outgo.****(A) Conservation of energy:****(i) Steps taken or impact on conservation of energy:**

The Company regularly takes measures for conservation of energy and thereby contain the rising energy cost. During the year, the Company replaced (i) existing light fittings at Panoli Plant with energy efficient LED light fitting, and (ii) low HP motors with energy efficient motors at some locations.

**(ii) The steps taken by the Company for utilising alternate sources of energy:** There were no such steps specifically taken during the year.**(iii) The capital investment on energy conservation equipment:** No such capital investment was made during the year.**(B) Technology absorption:****(i) Efforts made towards technology absorption:**

The Company has developed certain technologies in-house in relation to development of pharmaceutical formulations and API. These technologies are absorbed for manufacture of the products. These technologies are reviewed from time to time with respect to yield, improvement of quality and environmental impact. These technologies have been absorbed with the effort of in-house R&D.

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

The Company derived the following benefits as a

result of technology absorption:

- Development of new formulations and API for international market and ability to develop products required by customers in contract manufacturing business.
- Development of new APIs.
- Improvement in product yield, quality and reduced cost of production.

(iii) The Company has not imported any technology during last three financial years.

(iv) The expenditure incurred on Research and Development during the year is as under:

		(₹ in lakhs)
(a)	Capital	235.93
(b)	Revenue	3,223.88
(c)	Total	3,459.81

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The foreign exchange earned in terms of actual inflows during the year and foreign exchange outgo in terms of actual outflows during the year was ₹ 61,638.91 lakhs and ₹ 13,344.26 lakhs respectively.

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

**J. B. Mody**  
Chairman & Managing Director

Place : Mumbai

Date : May 25, 2018

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - E

#### Details and contents/salient features of corporate social responsibility policy and annual report on CSR.

The objective of the CSR policy is to strive to create and/or encourage, directly or indirectly, positive impact on the society at large through CSR activities or projects undertaken by the Company.

The Company intends to undertake all or any of the activities prescribed in Schedule VII to the Companies Act, 2013. Accordingly, CSR Policy specifies activities to be undertaken by the Company from time to time in terms of Schedule VII to the Companies Act, 2013. The scope of CSR Policy has been kept as wide as possible to enable the Company to choose the activity as it deems fit and also allow the Company to respond to different situations and challenges appropriately. As per the Policy, the Company management will identify the CSR project or program which may either be time bound or ongoing in nature. The Company may undertake CSR activities directly through its own personnel or through any registered trust / registered society or company established u/s 8 of the Companies Act, 2013. Besides, the Policy also specifies criteria and modalities of undertaking CSR activities through partnering organizations.

Currently, the Company plans to focus on the activities/projects in the area of promotion of education, promoting health care including preventive health care, eradication of hunger, poverty and malnutrition and empowering women and children.

The role of the CSR Committee includes review of CSR Policy, recommendation of the amount of expenditure to be incurred on the CSR activities, formulation of transparent monitoring mechanism to ensure effective implementation of the project/programme/activity to be undertaken by the Company and monitor and implement CSR Policy from time to time. The Company has posted the CSR policy on its website and web link thereto is <http://www.jbcpl.com/investors/pdf/policy/Corporate-Social-Responsibility-Policy.pdf>.

#### Annual Report on CSR Activities:

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Policy recognises CSR as a part of governance philosophy. The policy provides for undertaking any activity prescribed under Schedule VII to the Companies Act, 2013. Without limiting the aforesaid scope, the policy provides for undertaking activities/projects in the area of promotion of education, eradication of hunger, poverty and malnutrition and empowering women and children. The web link to the CSR Policy is <a href="http://www.jbcpl.com/investors/pdf/policy/Corporate-Social-Responsibility-Policy.pdf">http://www.jbcpl.com/investors/pdf/policy/Corporate-Social-Responsibility-Policy.pdf</a> and CSR activities/projects for 2017-18 is <a href="http://www.jbcpl.com/investors/pdf/2017_2018/CSR_Projects.pdf">http://www.jbcpl.com/investors/pdf/2017_2018/CSR_Projects.pdf</a> .
2.	The Composition of the CSR Committee	Dr. Satyanarain Agarwala, Mr. Bharat P. Mehta and Mr. Pranabh Mody.
3.	Average net profit of the Company for last three financial years	₹ 19,592.88 lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 391.86 lakhs
5.	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year;	₹ 391.86 lakhs
	(b) Amount unspent, if any;	₹ 96.45 lakhs
	(c) Manner in which the amount spent during the financial year is detailed below.	

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - E (Contd.)

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other  (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs  (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to corpus of Ankleshwar Industrial Development Society for Smt. Jayaben Mody hospital run by the society.	Promoting health care including preventive healthcare	Ankleshwar, District: Bharuch, Gujarat State	125.00	125.00 (1) 125.00 (2) Nil	302.50	Direct
2	Contribution to Shrimad Rajchandra Sarvamangal Trust for setting up of Shrimad Rajchandra Hospital for the less-privileged.	Promoting health care including preventive healthcare	Dharampur, District: Valsad, Gujarat State	100.00	100.00 (1) 100.00 (2) Nil	100.00	Direct
3	Contribution for treatment of burn injuries of poor people at National Burns Centre and spreading awareness about skin donation.	Promoting health care including preventive healthcare	Airoli, Navi Mumbai, Maharashtra State	10.00	10.00 (1) 10.00 (2) Nil	35.00	Through Rotary Club of Queen's Necklace Charitable Trust
4	Contribution to Vision Foundation of India for treatment of visually impaired poor people.	Promoting health care including preventive healthcare	Mumbai, Maharashtra State	5.00	5.00 (1) 5.00 (2) Nil	15.00	Direct
5	Contribution to Ashoka University corpus of International Foundation for Research and Education for Scholarships to poor students at undergraduate/post graduate level.	Promotion of education	Rajiv Gandhi Education city, Kundli, Haryana, National Capital Region.	40.00	40.00 (1) 40.00 (2) Nil	160.00	Direct

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - E (Contd.)

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other  (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs  (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
6	Contribution to Light of Life Trust to support education of children from Somagal and Vanyavihar centre from Nandurbar district of Maharashtra.	Promotion of education	Somaval and Vanyaveer, Nandurbar district, Maharashtra State	10.00	10.00 (1) 10.00 (2) Nil	20.00	Direct
7	Contribution to Jairamdas Agarwal Charitable Trust for providing food to poor people.	Eradication of poverty	Kadaiya, Daman (UT)	0.41	0.41 (1) 0.41 (2) Nil	0.92	Direct
8	Contribution to Shree Agoreshwar Welfare and Charitable Trust for renovation of electrical crematorium.	Protection of Environment	Bharuch District, Gujarat	5.00	5.00 (1) 5.00 (2) Nil	5.00	Direct
	<b>Total</b>			<b>295.41</b>	<b>295.41</b>	<b>638.42</b>	

6. Reasons for not spending two percent of the average net profit of last three financial years or any part thereof: The Company could not spend ₹ 96.45 lakhs to complete the mandated 2% spend as it did not come across other deserving activity/projects in the focus area of CSR activities/projects as per CSR Policy for overall benefit of needy section of the society.

The CSR Committee of the Company states that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and policy of the Company.

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

**J. B. Mody**  
Chairman & Managing Director

**Dr. Satyanarain Agarwala**  
Chairman, CSR Committee

Place : Mumbai  
Date : May 25, 2018

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - F1

#### FORM NO. AOC -2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to it in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

#### 1. Details of contracts or arrangements or transactions not at arm's length basis.

Sr. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	Not Applicable
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

#### 2. Details of material contracts or arrangements or transactions at arm's length basis.

Sr. No.	Particulars	1	2	3	4	5	6	7	8
a)	Name(s) of the related party & nature of relationship	000 Unique Pharmaceutical Laboratories, Russia (000 UPL) – Subsidiary	000 Unique Pharmaceutical Laboratories, Russia (000 UPL)– Subsidiary	Biotech Laboratories (Pty.) Ltd., South Africa (Biotech) – Subsidiary	Unique Pharmaceutical Laboratories FZE, Dubai (UPL FZE) – Subsidiary	Lekar Pharma Limited (LPL) - a company in which directors of the Company hold more than 2% of the paid up capital.	Boxcare Packagings Private Limited - a company in which relative of the Company's director is a director/ member	Jyotindra Mody Ventures LLP / D.B. Mody Enterprises LLP / Shirish Mody Property LLP – firm in which directors of the Company/their relatives are partners.	Unique Pharmaceutical Laboratories Ltd. (UPLL) - a company in which directors of the Company are directors and hold more than 2% of the paid up capital.
b)	Nature of contracts/ arrangements/ transactions	Supply Agreement	Marketing Services Agreement	Supply Agreement	Supply Agreement	Distribution Contract	Vendor Agreement	Leave and license agreement	Register User Agreement/ License User Agreement
c)	Duration of the contracts/ arrangements/ transactions	5 years from January 1, 2018.	5 years from January 1, 2018.	Ongoing.	The contract has been terminated effective 01-01-2018.	Ongoing.	Ongoing	5 years from November 4, 2015	Ongoing

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - F1 (Contd.)

Sr. No.	Particulars	1	2	3	4	5	6	7	8
a)	Name(s) of the related party & nature of relationship	000 Unique Pharmaceutical Laboratories, Russia (000 UPL) – Subsidiary	000 Unique Pharmaceutical Laboratories, Russia (000 UPL)– Subsidiary	Biotech Laboratories (Pty.) Ltd., South Africa (Biotech) – Subsidiary	Unique Pharmaceutical Laboratories FZE, Dubai (UPL FZE) – Subsidiary	Lekar Pharma Limited (LPL) - a company in which directors of the Company hold more than 2% of the paid up capital.	Boxcare Packagings Private Limited - a company in which relative of the Company's director is a director/ member	Jyotindra Mody Ventures LLP / D.B. Mody Enterprises LLP / Shirish Mody Property LLP – firm in which directors of the Company/their relatives are partners.	Unique Pharmaceutical Laboratories Ltd. (UPLL) - a company in which directors of the Company are directors and hold more than 2% of the paid up capital.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	<ul style="list-style-type: none"> <li>The Company to manufacture and supply the products to 000 UPL for sale and distribution thereof by 000 UPL in Russia.</li> <li>The Company to undertake marketing of the products in Russian market.</li> <li>Price for the products to be determined mutually on case to case basis. Total supplies from January 1, 2018 amounted to ₹ 916.34 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>The Company to avail marketing services from 000 UPL.</li> <li>000 UPL to execute marketing related services as communicated and approved by the Company. Total marketing services fees paid from January 1, 2018 amounted to ₹ 687.39 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>Biotech has been appointed as a distributor of various products of the Company for distribution in South Africa and certain other African countries. The products are supplied at price mutually agreed between the parties on case to case basis. Total supplies during the year amounted to ₹ 2,585.66 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>UPL FZE to act as master distributor of the products for Russia-CIS countries and undertake marketing and sale function at its expense.</li> <li>The Company to manufacture and supply the products to UPL FZE at mutually determined prices. Total supplies during the year amounted to ₹ 3,225.15 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>Company to act as distributor of LPL products in domestic market.</li> <li>LPL to offer agreed discount to the Company. Total purchases by the Company during the year amounted to ₹ 6,426.29 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>Purchase by the Company of corrugated boxes of different sizes and specifications. Total purchases by the Company during the year amounted to ₹ 1,439.88 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>Licensors have granted license to use office premises at Prabhadevi, Mumbai for a period of five years.</li> <li>License fee payable monthly in advance. Total license fee paid during the year was ₹ 778.32 lakhs.</li> </ul>	<ul style="list-style-type: none"> <li>UPLL has licensed use of certain brand names and 'Unique' Logo to the Company for use in the Company's business.</li> <li>The Company to pay royalty @ 1% for use of brand names and @1% for use of aforesaid logo, calculated in the manner laid down in the agreements. Total royalty paid for the year was ₹ 1,122.30 lakhs.</li> </ul>
e)	Date(s) of approval by the Board, if any.	10/11/2017	10/11/2017	*19/11/2014	*19/11/2014	23/05/2017	*19/11/2014	*04/11/2015	*19/11/2014
f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\*Date of first approval by the Audit Committee/Board. These contracts/ arrangements/ transactions are being reviewed and re-affirmed/approved by Audit Committee/Board on annual basis since then.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 25, 2018

J. B. Mody  
Chairman & Managing Director

**DIRECTORS' REPORT (Contd.)****ANNEXURE - F2****Details of related party contracts or arrangements.**

Name of the related party	Nature of the contracts or arrangements	Duration of the contracts or arrangements	Broad terms of the contract or arrangement	Justification for the contract or arrangement
Unique Pharmaceutical Laboratories FZE, Dubai (UPL FZE)	Supply Agreement <sup>1</sup>	Ongoing <sup>1</sup>	The Company to manufacture and supply the products to UPL FZE for marketing and distribution thereof by UPL FZE in Russia-CIS markets. Price for the products to be determined mutually on case to case basis. Total supplies during the year up to December 2017 amounted to ₹ 3,225.15 lakhs. Freight reimbursed to the Company is ₹ 2.61 lakhs.	The arrangement would facilitate focused marketing of the products in Russia-CIS markets.
	Re-imbursement of expenses <sup>1</sup>	Ongoing <sup>1</sup>	Re-imbursement of expenses in the normal course of business. Total amount reimbursed on account of expenses during the year amounted to ₹ 23.64 lakhs.	This arrangement is in conformity with normal trade practice.
	Guarantee Commission	5 years from September 23, 2015	Provision of corporate guarantee of USD 4 million to the Bank in relation to working capital finance sanctioned to UPL FZE by the Bank and guarantee commission charged @ 0.50% p.a. Guarantee Commission received during the year amounted to ₹ 13.03 lakhs.	Support provided to UPL FZE for availing financial facility from bank at arm's length guarantee commission.
Biotech Laboratories (Pty.) Ltd., South Africa (Biotech)	Supply Agreement	Ongoing	Biotech has been appointed as a distributor of various products of the Company for distribution in South Africa and certain other African countries. The products are supplied at price mutually agreed between the parties on case to case basis. Total supplies during the year amounted to ₹ 2,585.66 lakhs.	To increase Company's exports in South Africa and certain other African countries.
	Re-imbursement of expenses	Ongoing	Re-imbursement of expenses in the normal course of business. Total amount reimbursed on account of expenses during the year amounted to ₹ 17.70 lakhs.	This arrangement is in conformity with normal trade practice.
OOO Unique Pharmaceutical Laboratories, Russia (OOO UPL)	Supply Agreement	5 years from January 1, 2018	The Company to manufacture and supply the products to OOO UPL for sale and distribution thereof by OOO UPL in Russia-CIS markets. Price for the products to be determined mutually on case to case basis. Marketing of the Products in Russia to be carried out by the Company. Total supplies during the year amounted to ₹ 916.34 lakhs.	The arrangement would facilitate sale and distribution of the products in Russia-CIS markets.
	Marketing Services Agreement	5 years from January 1, 2018	The Company to avail of marketing services from OOO UPL. OOO UPL to execute marketing related services as communicated and approved by the Company. Total marketing services fees paid during the year amounted to ₹ 687.39 lakhs.	The arrangement would facilitate focused marketing of the products in Russia-CIS markets.

**DIRECTORS' REPORT (Contd.)****ANNEXURE - F2 (Contd.)**

Name of the related party	Nature of the contracts or arrangements	Duration of the contracts or arrangements	Broad terms of the contract or arrangement	Justification for the contract or arrangement
	Re-imbursment of expenses	Ongoing	Re-imbursment of expenses in the normal course of business. There was no re-imbursment of expenses during the year.	This arrangement is in conformity with normal trade practice.
Lekar Pharma Limited (Lekar)	Distribution contract	Ongoing	Company to act as distributor of finished pharmaceutical formulations for Lekar products in domestic market. Total purchases by the Company during the year amounted to ₹ 6,426.29 lakhs.	Timely availability of quality products at competitive price for domestic market.
	Loan License Agreement	Ongoing	The Company to manufacture certain formulations on loan license basis for Lekar and also supply certain raw material and packing materials at agreed processing charges/cost respectively. The total processing charges received by the Company amounted to ₹ 86.06 lakhs and the amount of materials supplied to Lekar during the year was ₹ 203.55 lakhs.	Utilisation of available capacity at processing charges levied in line with industry-wide accepted formula and reasonable margin/ Sale of raw materials/ packing materials as a part of working capital management.
	Services Agreement	Period from 11-11-2017 to 31-03-2018	The Company to provide market research and data collection service to Lekar as per the model and design approved by Lekar. Amount received by the Company for providing services during the year was ₹ 186.76 lakhs.	Optimum utilisation of Company's distribution network.
Unique Pharmaceutical Laboratories Limited (UPLL)	License Agreements for license of certain brands and logo to the Company.	Ongoing	The Company is licensed the use of certain brand names and 'Unique' Logo by UPLL on payment of royalty @ 1% for use of brand names and @1% for use of aforesaid logo, calculated in the manner laid down in the agreements. Total royalty for the year was ₹ 1,122.30 lakhs.	To be able to continue to market the products and grow the sales and profits.
Jyotindra Family Trust	Leave and license agreement for various immovable properties. <sup>2</sup>	Period of 3 years <sup>2</sup>	License fee payable monthly in advance and security deposit paid under certain agreements in line with market practice. Total license fee paid during the year amounted to ₹ 29.96 lakhs.	To continue to use the premises as residence/office for the Company's executives at arm's length license fee.
Dinesh Family Trust	Leave and license agreement for residential premise at Bharuch, Gujarat.	3 years from November 1, 2017	License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year amounted to ₹ 8.35 lakhs.	To continue to use premise as residential premises at arm's length license fee.
Shirish Family Trust	Leave and license agreement for residential premises at Bharuch, Gujarat.	3 years from November 1, 2017	License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year amounted to ₹ 8.35 lakhs.	To continue to use premise as residential premises at arm's length license fee.

**DIRECTORS' REPORT (Contd.)****ANNEXURE - F2 (Contd.)**

Name of the related party	Nature of the contracts or arrangements	Duration of the contracts or arrangements	Broad terms of the contract or arrangement	Justification for the contract or arrangement
D. B. Mody (HUF)	Leave and license agreement for various immovable properties. <sup>3</sup>	Period of 3 years <sup>3</sup>	License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year amounted to ₹ 18.50 lakhs.	To continue to use the premises as residence / office for the Company's executives at arm's length license fee.
S. B. Mody (HUF)	Leave and license agreement for various immovable properties. <sup>4</sup>	Period of 3 years <sup>4</sup>	License fee payable monthly in advance and security deposit paid in line with market practice. Total license fee paid during the year amounted to ₹ 18.96 lakhs.	To continue to use the premises as residence / office for the Company's executives at arm's length license fee.
Jyotindra Mody Ventures LLP / D.B. Mody Enterprises LLP / Shirish Mody Property LLP	Leave and license agreement for office premises at Prabhadevi, Mumbai.	5 years from November 4, 2015	License fee payable monthly in advance and security deposit in line with market practice. Total license fee paid during the year was ₹ 778.32 lakhs.	To use the premises as corporate office of the Company at arm's length license fee.
J. B. Mody Enterprises LLP / Dinesh Mody Ventures LLP / Shirish Mody Enterprises LLP	Leave and license agreement for office premises at Worli, Mumbai.	3 years from June 1, 2017	License fee payable monthly in advance and security deposit in line with market practice. Total license fee paid during the year was ₹ 14.64 lakhs.	To continue to use the premises as office for the Company's executives at arm's length license fee.
Mody Brothers	Leave and license agreement for office premises at Worli, Mumbai. <sup>5</sup>	3 years from November 1, 2017 <sup>5</sup>	License fee payable monthly in advance. Total license fee paid during the year amounted to ₹ 9.50 lakhs.	To continue to use the premises as office of the Company at arm's length license fee.
Boxcare Packagings Private Limited	Vendor Agreement	Ongoing	Purchase by the Company of corrugated boxes of different sizes and specifications. Total purchases during the year amounted to ₹ 1,439.88 lakhs.	Reliability in timely supply and boxes of required quality and specification at arm's length prices to serve domestic and export orders.
Namplas Chemicals Private Limited (Namplas)	Job Work Agreement for processing of intermediate by Namplas	Ongoing	Namplas to process intermediate Sodium Methoxide (25% in Methanol) on job work basis based on raw materials and gas provided by the Company. Total job work charges paid during the year was ₹ 23.99 lakhs.	Processing at arm's length charges and supply of the processed material through pipeline resulting in optimisation in inventory holding and saving of transportation cost.
Ifiunik Pharmaceuticals Limited	Inter-corporate deposit of ₹ 65 lakhs accepted <sup>6</sup>	On call	Interest payable @10% on quarterly basis. Total interest paid during the year amounted to ₹ 3.79 lakhs.	Borrowing at competitive market driven interest rate.

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - F2 (Contd.)

Name of the related party	Nature of the contracts or arrangements	Duration of the contracts or arrangements	Broad terms of the contract or arrangement	Justification for the contract or arrangement
Synit Drugs Pvt. Ltd. (Synit)	Inter-corporate deposit of ₹ 40 lakhs accepted <sup>6</sup>	On call	Interest payable @ 10% on quarterly basis. Total interest paid during the year amounted to ₹ 2.33 lakhs.	Borrowing at competitive market driven interest rate.
	Distribution contract	Ongoing	Company to act as distributor of finished pharmaceutical formulations for Synit products in domestic market. Commercial transaction are yet not started.	Timely availability of quality products at competitive price for domestic market.
Bansi S. Mehta & Co.	Arrangement for provision of professional services	Period up to May 2017	Availment of professional services in relation to arm's length study of royalty payments. Total fee paid during the year was ₹ 1.50 lakhs.	Competent professional services.
M&M Legal Ventures	Arrangement for provision of legal and advisory services	Period upto March 2018	Availment of legal and advisory services in relation to review petition filed before the National Green Tribunal, Pune and other matters of the Company. No services were availed during the year.	Competent litigation and advisory services.
Gemma Jewellery Private Ltd.	Purchase of gift articles	Ongoing	Purchase of gift articles made from precious metals and stones. Total purchases during the year amounted to ₹ 4.15 lakhs.	Good quality gift articles at competitive market rates.

<sup>1</sup> The contract has been terminated effective 01-01-2018.

<sup>2</sup> One leave and license agreement has been entered into in respect of office premises on 4<sup>th</sup> floor, Neelam Centre, Worli (Mumbai) w.e.f. 01-06-2017, One leave and license agreement has been entered into in respect of office premises in basement, Neelam Centre, Worli (Mumbai) w.e.f. 15-11-2017 and One leave and license agreement has been entered into in respect of residential premises in Bharuch (Gujarat) w.e.f. 01-11-2017. One leave and license agreement in respect of residential premises at Mumbai has been terminated w.e.f. 01-11-2017.

<sup>3</sup> One leave and license agreement has been entered into in respect of office premises on 4<sup>th</sup> floor, Neelam Centre, Worli (Mumbai) w.e.f. 01-06-2017 and One leave and license agreement has been entered into in respect of office premises in basement, Neelam Centre, Worli (Mumbai) w.e.f. 15-11-2017. One leave and license agreement in respect of residential premises at Mumbai has been terminated w.e.f. 01-10-2017.

<sup>4</sup> One leave and license agreement has been entered into in respect of office premises on 4<sup>th</sup> floor, Neelam Centre, Worli (Mumbai) w.e.f. 01-06-2017 and One leave and license agreement has been entered into in respect of office premises in basement, Neelam Centre, Worli (Mumbai) w.e.f. 15-11-2017. One leave and license agreement in respect of residential premises at Mumbai has been terminated w.e.f. 01-01-2018.

<sup>5</sup> This agreement has been terminated effective 01-04-2018.

<sup>6</sup> Inter-corporate deposit repaid on 31-10-2017.

**DIRECTORS' REPORT (Contd.)****ANNEXURE - G****FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on financial year ended on 31.03.2018**

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

**I REGISTRATION & OTHER DETAILS**

i	CIN	L24390MH1976PLC019380
ii	Registration Date	18-12-1976
iii	Name of the Company	J. B. Chemicals & Pharmaceuticals Ltd.
iv	Category/Sub-category of the Company	Public Company/ Limited by shares
v	Address of the Registered office & contact details	Neelam Centre, "B" Wing, 4 <sup>th</sup> Floor, Hind Cycle Road, Worli, Mumbai, Maharashtra : 400 030 Tel No. (022) 2439 5200/ 2439 5500 Fax : (022) 2431 5334/ 2431 5331 email : <a href="mailto:secretarial@jbcpl.com">secretarial@jbcpl.com</a>
vi	Whether listed Company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Datamatics Business Solutions Ltd. Plot No. B-5, Part – B, Cross Lane, M.I.D.C., Andheri (E), Mumbai 400 093. Tel No. (022) 6671 2001-06 Fax : (022) 6671 2011 email : <a href="mailto:satish_patil@datamaticsbpm.com">satish_patil@datamaticsbpm.com</a>

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

Business activity contributing 10% or more of the total turnover of the Company is given below:

Sl. No	Name and description of main products	NIC Code of the Product	% to total turnover of the Company
1	Manufacture of pharmaceutical products	2100	83.46%
2	Trading in pharmaceutical products	46497	15.92%

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl. No	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	000 Unique Pharmaceutical Laboratories 127944, Moscow, Tverskaya Str., 18, bldg. 1, office 609.	N.A.	Subsidiary	100%	2(87)
2	Unique Pharmaceutical Laboratories FZE Office#1116, Business Centres World Building JAFZA ONE, 11 <sup>th</sup> Floor, Jebel Ali Freezone P.O Box: 262327, Dubai, United Arab Emirates.	N.A.	Subsidiary	100%	2(87)
3	Biotech Laboratories (Pty) Ltd. Block K West, Central Park, 400, 16 <sup>th</sup> Street, Randjespark, Midrand 1685 South Africa.	N.A.	Subsidiary	95.24%	2(87)

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

#### IV SHAREHOLDING PATTERN (Equity share capital break up as % to total equity)

##### (i) Category-wise Shareholding

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	
<b>A.</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
a)	Individual/HUF	46,356,320	0	46,356,320	54.64	45,730,050	0	45,730,050	54.72	0.08
b)	Bodies Corporate	132,690	0	132,690	0.16	131,045	0	131,045	0.16	0.00
c)	Any other : Firms and Trusts	522,610	0	522,610	0.62	515,666	0	515,666	0.62	0.00
	<b>SUB TOTAL:(A) (1)</b>	<b>47,011,620</b>	<b>0</b>	<b>47,011,620</b>	<b>55.42</b>	<b>46,376,761</b>	<b>0</b>	<b>46,376,761</b>	<b>55.50</b>	<b>0.08</b>
(2)	<b>Foreign</b>									
a)	NRI- Individuals	286,517	0	286,517	0.34	286,517	0	286,517	0.34	0.00
	<b>SUB TOTAL (A) (2)</b>	<b>286,517</b>	<b>0</b>	<b>286,517</b>	<b>0.34</b>	<b>286,517</b>	<b>0</b>	<b>286,517</b>	<b>0.34</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>47,298,137</b>	<b>0</b>	<b>47,298,137</b>	<b>55.76</b>	<b>46,663,278</b>	<b>0</b>	<b>46,663,278</b>	<b>55.84</b>	<b>0.08</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	<b>Institutions</b>									
a)	Mutual Funds	5,694,378	2,550	5,696,928	6.72	7,727,951	1,050	7,729,001	9.25	2.53
b)	Banks/FI	48,981	4,500	53,481	0.06	55,315	2,000	57,315	0.07	0.01
c)	Insurance Companies	1,150,000	3,000	1,153,000	1.36	1,089,422	3,000	1,092,422	1.31	-0.05
d)	FPIs	4,635,084	0	4,635,084	5.46	4,449,892	0	4,449,892	5.32	-0.14
e)	Alternate Investment Funds	1,115,948	0	1,115,948	1.32	1,770,189	0	1,770,189	2.12	0.8
	<b>SUB TOTAL (B)(1)</b>	<b>12,644,391</b>	<b>10,050</b>	<b>12,654,441</b>	<b>14.92</b>	<b>15,092,769</b>	<b>6,050</b>	<b>15,098,819</b>	<b>18.07</b>	<b>3.15</b>
(2)	<b>Non Institutions</b>									
a)	Bodies corporate:									
i)	Indian	1,170,640	17,966	1,188,606	1.40	2,823,364	14,696	2,838,060	3.40	2.00
b)	Individuals:									
i)	Individual shareholders holding nominal share capital upto ₹1 lakh	15,316,322	1,380,420	16,696,742	19.69	14,956,961	1,158,804	16,115,765	19.29	-0.40
ii)	Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	5,854,101	0	5,854,101	6.90	1,309,588	0	1,309,588	1.57	-5.33
c)	Others:									
(i)	Non Resident Indians & Foreign National	1,086,925	6,200	1,093,125	1.30	1,301,635	6,200	1,307,835	1.56	0.26
(ii)	NBFC registered with RBI	5,502	0	5,502	0.00	11,484	0	11,484	0.01	0.01
(iii)	Trusts & Clearing Member	29,321	0	29,321	0.03	87,684	0	87,684	0.10	0.07
(iv)	Investor Education & Protection Fund Authority	0	0	0	0.00	137,462	0	137,462	0.16	0.16
	<b>SUB TOTAL (B)(2)</b>	<b>23,462,811</b>	<b>1,404,586</b>	<b>24,867,397</b>	<b>29.32</b>	<b>20,628,178</b>	<b>1,179,700</b>	<b>21,807,878</b>	<b>26.09</b>	<b>-3.23</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>36,107,202</b>	<b>1,414,636</b>	<b>37,521,838</b>	<b>44.24</b>	<b>35,720,947</b>	<b>1,185,750</b>	<b>36,906,697</b>	<b>44.16</b>	<b>-0.08</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>83,405,339</b>	<b>1,414,636</b>	<b>*84,819,975</b>	<b>100</b>	<b>82,384,225</b>	<b>1,185,750</b>	<b>*83,569,975</b>	<b>100</b>	<b>-</b>

\* The difference in equity shares is due to buy-back of 1,250,000 equity shares on proportionate basis through tender offer in accordance with provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.

**DIRECTORS' REPORT (Contd.)****ANNEXURE - G (Contd.)****(ii) Shareholding of promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	Jyotindra B. Mody	5,371,905	6.33	0	5,300,518	6.34	0	0.01
2	Dinesh Bhagwanlal Mody	4,738,632	5.59	0	4,675,661	5.59	0	0.00
3	Dinesh B. Mody/ Kumud D. Mody	300	0.00	0	289	0.00	0	0.00
4	Shirish Bhagwanlal Mody	4,828,762	5.69	0	4,764,593	5.70	0	0.01
5	Shirish B. Mody/ Bharati S. Mody	227,550	0.27	0	224,527	0.27	0	0.00
6	Kumud Dinesh Mody	4,735,079	5.58	0	4,672,155	5.59	0	0.01
7	Kumud D. Mody/ Dinesh B. Mody	104,865	0.12	0	103,472	0.12	0	0.00
8	Bharati S. Mody/ Shirish B. Mody	219,794	0.26	0	216,874	0.26	0	0.00
9	Bharati S. Mody	4,743,208	5.59	0	4,680,176	5.60	0	0.01
10	Pallavi Bharat Mehta	4,890,317	5.77	0	4,825,330	5.77	0	0.00
11	Pallavi B. Mehta/ Bharat P. Mehta	310,890	0.36	0	306,759	0.37	0	0.01
12	Pranabh Dinesh Mody	4,762,847	5.62	0	4,699,554	5.63	0	0.01
13	Pranabh Dinesh Mody/ Dinesh B. Mody	90,000	0.11	0	88,804	0.11	0	0.00
14	Pranabh Dinesh Mody/ Sejal P. Mody	87,325	0.10	0	86,165	0.10	0	0.00
15	Sejal Pranabh Mody/ Pranabh D. Mody	50,000	0.06	0	49,336	0.06	0	0.00
16	Nirav Shirish Mody	4,766,479	5.62	0	4,703,138	5.63	0	0.01
17	Nirav Shirish Mody/ Shirish B. Mody	218,500	0.26	0	215,597	0.26	0	0.00
18	Jinali Pranabh Mody	3,000	0.00	0	2,961	0.00	0	0.00
19	Purvi Uday Asher/ Uday M. Asher	375,000	0.44	0	370,017	0.44	0	0.00
20	Jay Bharat Mehta	2,456,558	2.90	0	2,423,913	2.90	0	0.00
21	Jay Bharat Mehta/ Shilpi Jay Mehta	2,050	0.00	0	2,023	0.00	0	0.00
22	Dinesh Bhagwanlal Mody/ Jyotindra B. Mody (held for D B Mody HUF)	502,500	0.59	0	495,823	0.59	0	0.00
23	Uday M. Asher/ Purvi U. Asher	120,900	0.14	0	119,294	0.14	0	0.00
24	Uday Madhavas Asher	14,100	0.02	0	13,913	0.02	0	0.00
25	Kantaben Vinaychandra Gosalia	19,420	0.02	0	19,160	0.02	0	0.00
26	Kantaben Vinaychandra Gosalia / Bhakti Ashok Patel	6,460	0.01	0	6,460	0.01	0	0.00
27	Priti Rajen Shah	10,000	0.01	0	9,868	0.01	0	0.00
28	Bharat P. Mehta/ Pallavi B. Mehta	171,810	0.20	0	169,527	0.20	0	0.00
29	Bharat P. Mehta	2,485,549	2.93	0	2,452,519	2.94	0	0.01

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	
30	Vibha Anupam Mehta/ Anupam P. Mehta	6,800	0.00	0	2,500	0.00	0	0.00
31	Anupam Pravinchandra Mehta	5,000	0.00	0	2,500	0.00	0	0.00
32	P. D. Mody (held for P D Mody HUF)	7,000	0.01	0	6,907	0.01	0	0.00
33	Jyotindra Bhagwanlal Mody /Dinesh Bhagwanlal Mody (held for Mody Bros.)	19,125	0.02	0	18,871	0.02	0	0.00
34	Pallavi Bharat Mehta/ D. B. Mody / Bharati Shirish Mody (held for Mody Trading Co.)	53,485	0.06	0	52,775	0.06	0	0.00
35	Nirav Shirish Mody/ Shirish Bhagwanlal Mody (as a trustee of Priti Family Trust)	225,000	0.27	0	222,010	0.27	0	0.00
36	Nirav Shirish Mody/ Shirish Bhagwanlal Mody (as a trustee of Deepali Family Trust)	225,000	0.27	0	222,010	0.27	0	0.00
37	Synit Drugs Pvt. Ltd.	750	0.00	0	741	0.00	0	0.00
38	Namplas Chemicals Pvt. Ltd.	123,110	0.15	0	121,474	0.15	0	0.00
39	Boxcare Packagings Pvt. Ltd.	8,830	0.01	0	8,830	0.01	0	0.00
40	Nisha Vinaychandra Gosalia/ Kantaben Vinaychandra Gosalia	2,420	0.00	0	0	0.00	0	0.00
41	Rajniben Zaveri	11,500	0.01	0	11,337	0.01	0	0.00
42	Ila Dipak Parekh/ Dipak Hiralal Parekh	9,800	0.01	0	8,380	0.01	0	0.00
43	Bharat K. Doshi	25,402	0.03	0	25,402	0.03	0	0.00
44	Nitin K. Doshi	261,115	0.31	0	261,115	0.31	0	0.00
	<b>TOTAL</b>	<b>47,298,137</b>	<b>55.76</b>	<b>0</b>	<b>46,663,278</b>	<b>55.84</b>	<b>0</b>	<b>0.08</b>

#### (iii) Change in promoters' shareholding

Sl. No.	Shareholding at the beginning of the year		Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	47,298,137	55.76		
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus /sweat equity etc)				Refer Note
At the end of the year	46,663,278	55.84		

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

Note: The details of Increase/ decrease in shareholding in respect of members in Promoter group are as under. :

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017)/ at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Jyotindra B. Mody	5,371,905	6.33	01-04-2017	(71,387)	Shares accepted under buy-back by the Company	5,300,518	6.34
		5,300,518	6.34	25-07-2017				
				31-03-2018				
2	Dinesh Bhagwanlal Mody	4,738,632	5.59	01-04-2017	(62,971)	Shares accepted under buy-back by the Company	4,675,661	5.59
		4,675,661	5.59	25-07-2017				
				31-03-2018				
3	Dinesh B. Mody/ Kumud D. Mody	300	0.00	01-04-2017	(11)	Shares accepted under buy-back by the Company	289	0.00
		289	0.00	25-07-2017				
				31-03-2018				
4	Shirish Bhagwanlal Mody	4,828,762	5.69	01-04-2017	(64,169)	Shares accepted under buy-back by the Company	4,764,593	5.70
		4,764,593	5.70	25-07-2017				
				31-03-2018				
5	Shirish B. Mody/ Bharati S. Mody	227,550	0.27	01-04-2017	(3,023)	Shares accepted under buy-back by the Company	224,527	0.27
		2,24,527	0.27	25-07-2017				
				31-03-2018				
6	Kumud Dinesh Mody	4,735,079	5.58	01-04-2017	(62,924)	Shares accepted under buy-back by the Company	4,675,661	5.59
		4,675,661	5.59	25-07-2017				
				31-03-2018				
7	Kumud D. Mody/ Dinesh B. Mody	104,865	0.12	01-04-2017	(1,393)	Shares accepted under buy-back by the Company	103,472	0.12
		103,472	0.12	25-07-2017				
				31-03-2018				
8	Bharati S. Mody/ Shirish B. Mody	219,794	0.26	01-04-2017	(2,920)	Shares accepted under buy-back by the Company	216,874	0.27
		216,874	0.27	25-07-2017				
				31-03-2018				
9	Bharati S. Mody	4,743,208	5.59	01-04-2017	(63,032)	Shares accepted under buy-back by the Company	4,680,176	5.60
		4,680,176	5.60	25-07-2017				
				31-03-2018				
10	Pallavi Bharat Mehta	4,890,317	5.77	01-04-2017	(64,987)	Shares accepted under buy-back by the Company	4,825,330	5.77
		4,825,330	5.77	25-07-2017				
				31-03-2018				
11	Pallavi B. Mehta/ Bharat P. Mehta	310,890	0.36	01-04-2017	(4,131)	Shares accepted under buy-back by the Company	306,759	0.37
		306,759	0.37	25-07-2017				
				31-03-2018				
12	Pranabh Dinesh Mody	4,762,847	5.62	01-04-2017	(63,923)	Shares accepted under buy-back by the Company	4,699,554	5.63
		4,699,554	5.63	25-07-2017				
				31-03-2018				
13	Pranabh Dinesh Mody/ Dinesh B. Mody	90,000	0.11	01-04-2017	(1,196)	Shares accepted under buy-back by the Company	88,804	0.11
		88,804	0.11	25-07-2017				
				31-03-2018				
14	Pranabh Dinesh Mody/ Sejal P. Mody	87,325	0.10	01-04-2017	(1,160)	Shares accepted under buy-back by the Company	86,165	0.10
		86,165	0.10	25-07-2017				
				31-03-2018				

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

Sl. No.	Name	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017)/ at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
15	Sejal Pranabh Mody/ Pranabh D. Mody	50,000	0.06	01-04-2017		Shares		
				25-07-2017	(664)	accepted under buy-back by the Company	49,336	0.06
		49,336	0.06	31-03-2018				
16	Nirav Shirish Mody	4,766,479	5.62	01-04-2017		Shares		
				25-07-2017	(63,341)	accepted under buy-back by the Company	4,703,138	5.63
		4,703,138	5.63	31-03-2018				
17	Nirav Shirish Mody/ Shirish B. Mody	218,500	0.26	01-04-2017		Shares		
				25-07-2017	(2,903)	accepted under buy-back by the Company	215,597	0.26
		215,597	0.26	31-03-2018				
18	Jinali Pranabh Mody	3,000	0.00	01-04-2017		Shares		
				25-07-2017	(39)	accepted under buy-back by the Company	2,961	0.00
		2,961	0.00	31-03-2018				
19	Purvi Uday Asher/ Uday M. Asher	375,000	0.44	01-04-2017		Shares		
				25-07-2017	(4,983)	accepted under buy-back by the Company	370,017	0.44
		370,017	0.44	31-03-2018				
20	Jay Bharat Mehta	2,456,558	2.90	01-04-2017		Shares		
				25-07-2017	(32,645)	accepted under buy-back by the Company	2,423,913	2.90
		2,423,913	2.90	31-03-2018				
21	Jay Bharat Mehta/ Shilpi Jay Mehta	2,050	0.00	01-04-2017		Shares		
				25-07-2017	(27)	accepted under buy-back by the Company	2,023	0.00
		2,023	0.00	31-03-2018				
22	Dinesh Bhagwanlal Mody/ Jyotindra B. Mody (held for D B Mody HUF)	502,500	0.59	01-04-2017		Shares		
				25-07-2017	(6,677)	accepted under buy-back by the Company	495,823	0.59
		495,823	0.59	31-03-2018				
23	Uday M. Asher/ Purvi U. Asher	120,900	0.14	01-04-2017		Shares		
				25-07-2017	(1,606)	accepted under buy-back by the Company	119,294	0.14
		119,294	0.14	31-03-2018				
24	Uday Madhavadas Asher	14,100	0.02	01-04-2017		Shares		
				25-07-2017	(187)	accepted under buy-back by the Company	13,913	0.02
		13,913	0.02	31-03-2018				
25	Kantaben Vinaychandra Gosalia	19,420	0.02	01-04-2017		Shares		
				25-07-2017	(260)	accepted under buy-back by the Company	19,160	0.02
		19,160	0.02	31-03-2018				
26	Priti Rajen Shah	10,000	0.01	01-04-2017		Shares		
				25-07-2017	(132)	accepted under buy-back by the Company	9,868	0.01
		9,868	0.01	31-03-2018				
27	Bharat P. Mehta/ Pallavi B. Mehta	171,810	0.20	01-04-2017		Shares		
				25-07-2017	(2,283)	accepted under buy-back by the Company	169,527	0.20
		169,527	0.20	31-03-2018				
28	Bharat P. Mehta	2,485,549	2.93	01-04-2017		Shares		
				25-07-2017	(33,030)	accepted under buy-back by the Company	2,452,519	2.94
		2,452,519	2.94	31-03-2018				

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

Sl. No.	Name	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017)/ at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
29	Vibha Anupam Mehta/ Anupam P. Mehta	6,800	0.00	01-04-2017				
				17-11-2017	(1,800)	Market Sale	5,000	0.00
				24-11-2017	(1,000)	Market Sale	4,000	0.00
				22-12-2017	(1,000)	Market Sale	3,000	0.00
				29-12-2017	(500)	Market Sale	2,500	0.00
				31-03-2018	2,500			
30	Anupam Pravinchandra Mehta	5,000	0.00	01-04-2017				
				24-11-2017	(1,000)	Market Sale	4,000	0.00
				22-12-2017	(1,000)	Market Sale	3,000	0.00
				29-12-2017	(500)	Market Sale	2,500	0.00
				31-03-2018	2,500			
31	P. D. Mody (held for P D Mody HUF)	7,000	0.01	01-04-2017				
				25-07-2017	(93)	Shares accepted under buy-back by the Company	6,907	0.01
		6,907	0.01	31-03-2018				
32	Jyotindra Bhagwanlal Mody / Dinesh Bhagwanlal Mody (held for Mody Bros.)	19,125	0.02	01-04-2017				
				25-07-2017	(254)	Shares accepted under buy-back by the Company	18,871	0.02
		18,871	0.02	31-03-2018				
33	Pallavi Bharat Mehta/ D. B. Mody / Bharati Shirish Mody (held for Mody Trading Co.)	53,485	0.06	01-04-2017				
				25-07-2017	(710)	Shares accepted under buy-back by the Company	52,775	0.06
		52,775	0.06	31-03-2018				
34	Nirav Shirish Mody/ Shirish Bhagwanlal Mody (as a trustee of Priti Family Trust)	225,000	0.27	01-04-2017				
				25-07-2017	(2,990)	Shares accepted under buy-back by the Company	222,010	0.27
		222,010	0.27	31-03-2018				
35	Nirav Shirish Mody/ Shirish Bhagwanlal Mody (as a trustee of Deepali Family Trust)	225,000	0.27	01-04-2017				
				25-07-2017	(2,990)	Shares accepted under buy-back by the Company	222,010	0.27
		222,010	0.27	31-03-2018				
36	Synit Drugs Pvt. Ltd.	750	0.00	01-04-2017				
				25-07-2017	(9)	Shares accepted under buy-back by the Company	741	0.00
		741	0.00	31-03-2018				
37	Namplas Chemicals Pvt. Ltd.	123,110	0.15	01-04-2017				
				25-07-2017	(1,636)	Shares accepted under buy-back by the Company	121,474	0.15
		121,474	0.15	31-03-2018				
38	Nisha Vinaychandra Gosalia/ Kantaben Vinaychandra Gosalia	2,420	0.00	01-04-2017				
				30-01-2018	(2,420)	Off market transfer	0	0.00
		0	0.00	31-03-2018				
39	Rajniben Zaveri	11,500	0.01	01-04-2017				
				25-07-2017	(163)	Shares accepted under buy-back by the Company	11,337	0.01
		11,337	0.01	31-03-2018				
40	Ila Dipak Parekh/ Dipak Hiralal Parekh	9,800	0.01	01-04-2017				
				20-10-2017	(1,420)	Market Sale	8,380	0.01
		8,380	0.01	31-03-2018				

**DIRECTORS' REPORT (Contd.)****ANNEXURE - G (Contd.)****(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017) / at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Franklin India Smaller Companies Fund	2,532,279	2.99	01-04-2017				
				28-07-2017	(50,782)	Buy-back	2,481,497	2.97
				18-08-2017	67,866	Purchase	2,549,363	3.05
				25-08-2017	60,490	Purchase	2,609,853	3.12
				01-09-2017	171,644	Purchase	2,781,497	3.33
				27-10-2017	200,000	Purchase	2,981,497	3.57
		2,981,497	3.57	31-03-2018				
2	DSP BlackRock Small Cap Fund (formerly known as DSP BlackRock Micro Cap Fund)	2,146,849	2.53	01-04-2017				
				28-04-2017	154,207	Purchase	2,301,056	2.75
				05-05-2017	30,468	Purchase	2,331,524	2.80
				12-05-2017	9,204	Purchase	2,340,728	2.80
				28-07-2017	(51,295)	Buy-back	2,289,433	2.73
		2,289,433	2.73	31-03-2018				
3	ICICI Lombard General Insurance Company Ltd	0	0.00	01-04-2017				
				03-11-2017	2,000,000	Purchase	2,000,000	2.39
				31-03-2018				
		2,000,000	2.39					
4	DSP BlackRock AIF Pharma Fund	1,115,948	1.32	01-04-2017				
				01-12-2017	72,346	Purchase	1,188,297	1.42
				16-02-2018	6,597	Purchase	1,194,894	1.43
				23-02-2018	79,976	Purchase	1,274,870	1.53
				02-03-2018	12,472	Purchase	1,287,342	1.54
				23-03-2018	58,443	Purchase	1,345,785	1.61
		1,345,785	1.61	31-03-2018				
5	ICICI Prudential Dynamic Fund	0	0.00	01-04-2017				
				27-10-2017	900,000	Purchase	900,000	1.08
				03-11-2017	35,830	Purchase	935,830	1.20
				10-11-2017	364,170	Purchase	1,300,000	1.56
				08-12-2017	23,380	Purchase	1,323,380	1.58
		1,323,380	1.58	31-03-2018				
6	DSP BlackRock Tax Saver Fund	0	0.00	01-04-2017				
				22-12-2017	731,339	Purchase	731,339	0.87
				05-01-2018	8,400	Purchase	739,739	0.88
				12-01-2018	42,652	Purchase	782,391	0.94
				19-01-2018	26,908	Purchase	809,299	0.97
				26-01-2018	28,554	Purchase	837,853	1.00
				02-02-2018	30,958	Purchase	868,811	1.04
				16-02-2018	17,710	Purchase	886,521	1.06
				23-02-2018	37,796	Purchase	924,317	1.11
				16-03-2018	47,588	Purchase	971,905	1.16
				23-03-2018	89,954	Purchase	1,061,859	1.27
						1,061,859	1.27	31-03-2018
7	General Insurance Corporation of India Ltd.	751,000	0.88	01-04-2017				
				28-07-2017	(9,966)	Buy-back	741,034	0.88
				31-03-2018				
		741,034	0.88					

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017) / at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
8	Dimensional Emerging Markets Value Fund	569,944	0.67	01-04-2017				
				07-04-2017	(4,642)	Sale	565,302	0.67
				14-04-2017	(2,793)	Sale	562,539	0.66
				28-04-2017	(10,899)	Sale	551,640	0.65
				05-05-2017	(5,070)	Sale	546,570	0.64
				12-05-2017	(5,731)	Sale	540,839	0.64
				19-05-2017	(12,382)	Sale	528,457	0.62
				02-06-2017	(3,032)	Sale	525,425	0.62
				16-06-2017	(2,331)	Sale	523,094	0.62
				30-06-2017	(7,367)	Sale	515,727	0.61
				07-07-2017	(1,575)	Sale	514,152	0.61
				28-07-2017	(6,982)	Buy-back	507,170	0.61
				25-08-2017	2,676	Purchase	509,846	0.61
				29-12-2017	(8,738)	Sale	501,108	0.60
				05-01-2018	(2,629)	Sale	498,479	0.59
				09-02-2018	(4,013)	Sale	494,466	0.59
				16-02-2018	(5,413)	Sale	489,051	0.58
				02-03-2018	(6,326)	Sale	482,723	0.58
		09-03-2018	(9,473)	Sale	473,250	0.57		
		16-03-2018	(2,571)	Sale	470,679	0.56		
		30-03-2018	(2,817)	Sale	467,862	0.56		
		31-03-2018	467,862					
9	India Acorn Fund Ltd.	0	0.00	01-04-2017				
				27-10-2017	250,000	Purchase	250,000	0.30
				10-11-2017	85,000	Purchase	335,000	0.40
				22-12-2017	115,000	Purchase	450,000	0.54
				31-03-2018	450,000			
10	White Oak India Equity Fund	0	0.00	01-04-2017				
				08-12-2017	41,400	Purchase	41,400	0.05
				15-12-2017	35,500	Purchase	76,900	0.09
				22-12-2017	107,634	Purchase	184,534	0.22
				02-03-2018	50,231	Purchase	234,765	0.28
				09-03-2018	134,102	Purchase	368,867	0.44
				30-03-2018	44,537	Purchase	413,404	0.49
				31-03-2018	413,404			
11	Akhil Dhawan	1,122,369	1.32	01-04-2017				
				21-04-2017	(5,900)	Sale	1,116,469	1.32
				28-04-2017	(4,750)	Sale	1,111,719	1.31
				12-05-2017	(130,022)	Sale	981,697	1.15
				19-05-2017	(40,500)	Sale	941,197	1.11
				26-05-2017	(17,800)	Sale	923,397	1.09
				02-06-2017	(43,640)	Sale	879,757	1.04
				09-06-2017	(19,846)	Sale	859,911	1.01
				16-06-2017	(25,154)	Sale	834,757	0.98
				23-06-2017	(15,832)	Sale	818,925	0.96
				30-06-2017	(12,326)	Sale	806,599	0.95
				07-07-2017	(41,843)	Sale	764,756	0.90
				28-07-2017	(25,041)	Buy-back	739,715	0.88
				03-11-2017	(400,000)	Sale	339,715	0.4
				10-11-2017	(100,000)	Sale	239,715	0.28
		08-12-2017	(89,717)	Sale	149,998	0.18		
		15-12-2017	(149,998)	Sale	0	0.00		
		31-03-2018	0					

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017) / at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
12	K India Opportunities Fund Limited	536,657	0.63	01-04-2017				
				28-07-2017	(16,518)	Buy-back	520,139	0.62
				01-09-2017	(57,592)	Sale	462,547	0.55
				08-09-2017	(13,562)	Sale	448,985	0.54
				12-09-2017	(2,679)	Sale	446,306	0.53
				15-09-2017	(24,109)	Sale	422,197	0.50
				22-09-2017	(132,797)	Sale	289,400	0.35
				29-09-2017	(20,339)	Sale	269,061	0.32
				06-10-2017	(6,660)	Sale	262,401	0.31
				13-10-2017	(37,665)	Sale	224,736	0.27
				20-10-2017	(99,833)	Sale	124,903	0.15
				27-10-2017	(124,903)	Sale	0	0.00
		0	0.00	31-03-2018				
13	Ashish Dhawan	3,243,297	3.82	01-04-2017				
				07-04-2017	(3,899)	Sale	3,239,398	3.82
				14-04-2017	(14,792)	Sale	3,224,606	3.80
				21-04-2017	(90,764)	Sale	3,133,842	3.69
				28-04-2017	(94,444)	Sale	3,039,398	3.58
				28-07-2017	(93,558)	Buy-back	2,945,840	3.52
				03-11-2017	(2,424,302)	Sale	521,538	0.62
				10-11-2017	(75,823)	Sale	445,715	0.53
				17-11-2017	(74,991)	Sale	370,724	0.44
				24-11-2017	(67,281)	Sale	303,443	0.36
				01-12-2017	(205,282)	Sale	98,161	0.12
				08-12-2017	(98,161)	Sale	0	0.00
		0	0.00	31-03-2018				
14	DSP BlackRock 3 Years Close Ended Equity Fund	821,959	0.97	01-04-2017				
				28-07-2017	(17,997)	Buy-back	803,962	0.96
				04-08-2017	(50,000)	Sale	753,962	0.90
				11-08-2017	(41,622)	Sale	712,340	0.85
				25-08-2017	(30,000)	Sale	682,340	0.82
				01-09-2017	(135,529)	Sale	546,811	0.65
				08-09-2017	(26,660)	Sale	520,151	0.62
				12-09-2017	(8,615)	Sale	511,536	0.61
				15-09-2017	(152,352)	Sale	359,184	0.43
				22-09-2017	(200,000)	Sale	159,184	0.19
				20-10-2017	(8,500)	Sale	150,684	0.18
				27-10-2017	(150,684)	Sale	0	0.00
		0	0.00	31-03-2018				

Note : Date mentioned for increase /decrease in shareholding is end-date of weekly beneficial ownership position provided by the depositories.

**DIRECTORS' REPORT (Contd.)****ANNEXURE - G (Contd.)****(v) Shareholding of Directors & Key Managerial Personnel**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017) / at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>A</b>	<b>DIRECTORS:</b>							
1	Mr. Jyotindra B. Mody Chairman & Managing Director	5,371,905	6.33	01-04-2017				
				25-07-2017	(71,387)	Shares accepted under buy-back by the Company	5,300,518	6.34
		5,300,518	6.34	31-03-2018				
2	Mr. Dinesh B. Mody Whole time director (Administration)	4,738,932	5.59	01-04-2017				
				25-07-2017	(62,982)	Shares accepted under buy-back by the Company	4,675,950	5.59
		4,675,950	5.59	31-03-2018				
3	Mr. Shirish B. Mody Whole time director (Marketing)	5,056,312	5.96	01-04-2017				
				25-07-2017	(67,192)	Shares accepted under buy-back by the Company	4,989,120	5.97
		4,989,120	5.97	31-03-2018				
4	Mr. Bharat P. Mehta Whole time director (Planning & Development)	2,657,359	3.13	01-04-2017				
				25-07-2017	(35,313)	Shares accepted under buy-back by the Company	2,622,046	3.13
		2,622,046	3.13	31-07-2018				
5	Mr. Pranabh Mody President & Whole time director (Operations)	4,940,172	5.83	01-04-2017				
				25-07-2017	(66,279)	Shares accepted under buy-back by the Company	4,874,523	5.84
		4,874,523	5.84	31-07-2018				
6	Mr. Durga Dass Chopra Director	307,930	0.36	01-04-2017				
				25-07-2017	(5,932)	Shares accepted under buy-back by the Company	301,998	0.36
		301,998	0.36	31-03-2018				
7	Mr. Kamlesh L. Udani Executive Director (Technical & Production)	57,390	0.07	01-04-2017				
				25-07-2017	(762)	Shares accepted under buy-back by the Company	56,628	0.07
		56,628	0.07	31-03-2018				
8	Dr. Satyanarain Agarwala Director	1,570	0.00	01-04-2017				
				31-03-2018	-	-	1,570	0.00
9	Mr. Rajiv C. Mody Director	1,725	0.00	01-04-2017				
				31-03-2018	-	-	1,725	0.00
10	Ms. Krupa R. Gandhi Director	Nil	0.00	01-04-2017				
				31-03-2018	-	-	Nil	0.00
11	Mr. Devang R. Shah Director	17,780	0.02	01-04-2017				
				25-07-2017	(285)	Shares accepted under buy-back by the Company	17,495	0.02
		17,495	0.02	31-03-2018				
12	Mr. Shaukat H. Merchant Director	Nil	0.00	01-04-2017				
				31-03-2018	-	-	Nil	0.00
13	Dr. Manoj R. Mashru Director	Nil	0.00	01-04-2017				
				31-03-2018	-	-	Nil	0.00

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

Sl. No.	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017) / at the end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>B</b>	<b>KEY MANAGERIAL PERSONNEL :</b>							
1.	Mr. M. C. Mehta Company Secretary	Nil	0.00	01-04-2017				
		Nil	0.00	31-03-2018	-	-	Nil	0.00
2.	Mr. Vijay Bhatt Chief Financial Officer	Nil	0.00	01-04-2017				
		Nil	0.00	31-03-2018	-	-	Nil	0.00

## V. INDEBTNESS

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,521.78	364.25	-	4,886.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,521.78	364.25	-	4,886.03
Change in Indebtedness during the financial year				
Additions	2,588.37	-	-	2,588.37
Reduction	4,521.78	105.00	-	4,626.78
Net Change	(1,933.41)	(105.00)	-	(2,038.41)
Indebtedness at the end of the financial year				
i) Principal Amount	2,588.37	259.25	-	2,847.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,588.77	259.25	-	2,847.62

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - G (Contd.)

#### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### A. Remuneration to Managing Director and Whole Time Directors :

(₹ in lakhs)

Particulars of Remuneration	Name of the MD/WTD						Total Amount
	Mr. Jyotindra B. Mody	Mr. Dinesh B. Mody	Mr. Shirish B. Mody	Mr. Bharat P. Mehta	Mr. Pranabh Mody	Mr. Kamlesh L. Udani	
Gross salary							
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	436.25	433.83	439.92	210.95	217.91	141.17	1,880.03
(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	36.79	39.21	33.12	25.59	18.63	10.38	163.72
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Option	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commission:							
- as % of profit	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- others	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total (A)</b>	<b>473.04</b>	<b>473.04</b>	<b>473.04</b>	<b>236.54</b>	<b>236.54</b>	<b>151.55</b>	<b>2,043.75</b>
<b>Ceiling as per the Act</b>							<b>2,168.69</b>

##### B. Remuneration to other Directors:

(₹ in lakhs)

Particulars of Remuneration	Name of the director							Total Amount
	Mr. Durga Dass Chopra	Dr. Satyanarain Agarwala	Ms. Krupa R. Gandhi	Mr. Rajiv C. Mody	Mr. Devang Shah	Mr. Shaukat Merchant	Dr. Manoj R. Mashru	
(a) Fee for attending Board/ Committee meetings	9.60	10.80	8.00	2.80	5.60	4.00	4.00	44.80
(b) Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>9.60</b>	<b>10.80</b>	<b>8.00</b>	<b>2.80</b>	<b>5.60</b>	<b>4.00</b>	<b>4.00</b>	<b>44.80</b>
<b>Total Managerial Remuneration</b>								<b>2,088.55</b>
<b>Overall Ceiling as per the Act.</b>								<b>2,217.69</b>

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

(₹ in lakhs)

Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Company Secretary	CFO	
Gross Salary			
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	56.60	65.15	121.75
(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
Stock Option	Nil	Nil	Nil
Sweat Equity	Nil	Nil	Nil
Commission:			
- as % of profit	Nil	Nil	Nil
- others	Nil	Nil	Nil
Others	Nil	Nil	Nil
<b>Total</b>	<b>56.60</b>	<b>65.15</b>	<b>121.75</b>

#### VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

No penalty, punishment or compounding fees has been imposed on the Company, or its directors and officers during the year ended on March 31, 2018.

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - H

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended on March 31, 2018.

**(a) Name & age (years) (b) Designation (c) Gross remuneration received (₹) (d) Qualification(s) & experience (years) (e) Date of commencement of employment (f) Last employment held before joining the Company**

(a) Joshi M.D. (Dr.) (54) (b) President-Global Regulatory Management (c) 16,615,128 (d) M.Sc., Ph.D (32) (e) 07.12.1989 (f) Adonis Labs Private Limited-Executive Quality Assurance (a) Mehta B.P. (70) (b) Whole time director (Planning & Development) (c) 25,166,272 (d) B.Sc. (47) (e) 01.01.1977 (f) Unique Pharma Labs.-Production Manager (a) Mehta J.B. (40) (b) Senior Vice President (International Division) (c) 17,105,416 (d) B.Sc.(Chem. Engg.) (13) (e) 01.10.2004 (f) Allergan Pharmaceuticals-Research Project-In charge (a) Mody D.B. (81) (b) Wholetime director (Administration) (c) 49,996,803 (d) Exp. in Admn. (63) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Wholetime director (Administration) (a) Mody J.B. (89) (b) Managing Director (c) 49,996,883 (d) Inter Sc. (67) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Managing Director (a) Mody N.S. (37) (b) Senior Vice President- Strategic Marketing & Business Development (c) 17,105,423 (d) B.Sc. in Business Admn. (13) (e) 13.07.2004 (f) Rodman & Renshaw-Equity Research Analyst (a) Mody P.D. (55) (b) President & Whole time director (Operations) (c) 25,166,273 (d) B.Pharm., M.B.A. (USA) (31) (e) 25.06.1987 (f) First employment (a) Mody S.B. (77) (b) Whole time director (Marketing) (c) 49,997,211 (d) B.Sc. (Tech.) (58) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.- Director-Technical (a) Singh P.K. (53) (b) President (Global Business) (c) 13,720,130 (d) M.Pharm (31) (e) 01.12.2001 (f) Coral Laboratories-General Manager (International Division) (a) Udani K.L. (64) (b) Executive Director (Technical & Production) (c) 16,159,687 (d) B.E. (Elect.), M.B.A. (38) (e) 01.02.2001 (f) Unique Pharmaceutical Laboratories Ltd.-Managing Director.

Notes: (1) The nature of employment of the above employees is contractual in nature. The other terms and conditions of each of the above are as per the contract/letter of appointment and rules of the Company. (2) Mr. J.B. Mody, Mr. D.B. Mody and Mr. S.B. Mody are related to each other as brothers. Mr. P.D. Mody is son of Mr. D. B. Mody. Mr. N.S. Mody is son of Mr. S. B. Mody. Mr. B.P. Mehta is son-in-law of Mr. J.B. Mody and Mr. J.B. Mehta is son of Mr. B.P. Mehta. (3) Mr. J. B. Mehta and Mr. N. S. Mody, employees of the Company in receipt of remuneration in excess of that drawn by a Wholetime director hold 2.90% and 5.89% of equity shares of the Company respectively.

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

Place : Mumbai  
Date : May 25, 2018

**J. B. Mody**  
**Chairman & Managing Director**

**DIRECTORS' REPORT (Contd.)****ANNEXURE - I**

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(i) The ratio of the remuneration of each executive director to the median remuneration of the employees of the Company.

Name	Designation	Remuneration for 2017-18 (₹ in lakhs)	% increase in remuneration of 2017-18	Ratio of remuneration paid in 2017-18 to median remuneration
Mr. Jyotindra B. Mody	Chairman & Managing Director	*499.97	*12.50	217:1
Mr. Dinesh B. Mody	Wholetime director (Administration)	*499.97	*12.50	217:1
Mr. Shirish B. Mody	Wholetime director (Marketing)	*499.97	*12.50	217:1
Mr. Bharat P. Mehta	Wholetime director (Planning & Development)	*251.66	*12.50	109:1
Mr. Pranabh Mody	President & Wholetime director (Operations)	*251.66	*12.50	109:1
Mr. Kamlesh L. Udani	Executive director (Technical & Production)	161.60	12.50	70:1

\* The remuneration paid to Mr. Jyotindra B. Mody, Mr. Dinesh B. Mody, Mr. Shirish B. Mody, Mr. Bharat P. Mehta and Mr. Pranabh Mody in 2017-18 was increased by 12.50% from April 1, 2017. However, the Company has not paid the full remuneration for 2017-18 to them due to overall cap of 10% on managerial remuneration. Pursuant to the provisions of the Companies Act, 2013, the Company has made an application to the Central Government for its approval to pay the full remuneration for 2017-18 to these managerial personnel. If approved, the Company will pay the differential amount during the current year.

(ii) The non-executive directors were only paid sitting fees during the year for attending meetings of the Board and Committees thereof. The principles governing increase in the remuneration of executive directors and increase in sitting fees payable to non-executive directors, as per the Company's remuneration policy, are different. Further, the amount of sitting fees received by a non-executive director depends on (a) amount of sitting fee fixed by the Board for meetings of the Board and a particular Committee, and (b) number of meetings of the Board and Committee(s) thereof attended by him. Therefore, the information as to ratio of sitting fee paid to the median remuneration of employees and percentage increase in remuneration of non-executive directors is not relevant and meaningful. However, the said information is given here below.

Name of independent director	Sitting fees paid during 2017-18 (₹ in lakhs)	Sitting fees paid during 2016-17 (₹ in lakhs)	% increase in 2017-18 over 2016-17	Ratio of sitting fee paid during 2017-18 to median remuneration <sup>1</sup>
Mr. Durga Dass Chopra	9.60	9.60	-	4.17:1
Dr. Satyanarain Agarwala	10.80	10.80	-	4.70:1
Mr. Rajiv C. Mody	2.80	2.80	-	1.22:1
Ms. Krupa R. Gandhi	8.00	8.00	-	3.48:1
Mr. Devang Shah	5.60	5.60	-	2.43:1
Mr. Shaukat Merchant	4.00	4.00	-	1.74:1
Dr. Manoj Mashru	4.00	2.00	100	1.74:1

<sup>1</sup>Percentage increase in sitting fee and ratio of sitting fee to median remuneration would vary due to factors such as number of meetings held and attended during current year, number of committee positions held and the date of appointment.

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - I (Contd.)

#### (iii) Increase in remuneration of Chief Financial Officer and Company Secretary

The increase in remuneration of chief financial officer and company secretary during the year was 8.72% and 8.26% respectively.

(iv) The increase in the median remuneration of the employees in the financial year was 7%.

(v) As on March 31, 2018, the Company had 3,772 permanent employees on its rolls.

#### (vi) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in the remuneration of employees (other than the managerial personnel) during 2017-18 was 9% as against the average increase of 12.50% granted in the fixed remuneration of managerial personnel.

The increase in remuneration of managerial personnel was the outcome of performance of the Company, performance of the managerial personnel and the market practices. But the increase was capped to 12.50% as per the resolution passed by the Board of Directors/Shareholders of the Company. There were no exceptional circumstances for increase in the managerial remuneration.

(vii) It is affirmed that the remuneration of the directors and employees of the Company is as per remuneration policy of the Company.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 25, 2018

J. B. Mody  
Chairman & Managing Director

## ANNEXURE - J

### Disclosure of details in respect of Company's Employee Stock Option Plan

		Year of Grant		
		2004	2005	2006
(a)	Options granted	475,000	563,240	547,000
(b)	Exercise price	63	84	95
(c)	Options vested	475,000	563,240	547,000
(d)	Options exercised	271,800	204,250	148,925
(e)	The total number of shares arising as a result of exercise of option	271,800	204,250	148,925
(f)	Options lapsed	203,200	358,990	398,075
(g)	Variation of terms of options	Not Applicable	Not Applicable	Not Applicable
(h)	Money realised by exercise of options	17,123,400	17,157,000	14,147,875
(i)	Total number of options in force	Nil	Nil	Nil
(j)	Employee wise details of options granted to:			
	(i) Key Managerial Personnel;		Nil	
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year;	No employee has received a grant in any one year of option amounting to 5% or more of option granted during that year.		
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital of the Company at the time of grant.	No employee has been granted options equal to or exceeding 1% of the issued capital of the Company in any year.		

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 25, 2018

J. B. Mody  
Chairman & Managing Director

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - K MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDUSTRY DEVELOPMENTS

The domestic formulations industry at sales of over ₹ 119,300 crores (AWACS, March, 2018) achieved value growth of 6%. It was volumes and new products introductions that facilitated this growth, while price growth was negative. The market thus continues to show intense competition with an increased number of brands being launched in the market. Litigation over banning of 349 fixed dose combinations by the Central Government has been disposed of by the Supreme Court with a direction to Drugs Technical Advisory Board (DTAB) and/or sub-committee formed by DTAB to re-look at the said FDC on the basis of parameters set out in Section 26A of the Drugs and Cosmetics Act and submit report to the Central Government within six months. Central Government shall then decide to maintain or modify or withdraw the said notifications having due regard to the report of DTAB/Sub-committee. Four products of the Company are affected due to some of these notifications, the sales of which are not regarded as material.

The other development, though not industry specific, but that affected the industry was introduction of Goods and Services Tax from July 1, 2017. It impacted the domestic sales as stockists scaled down the purchases prior to implementation of GST due to financial impact associated with pre-GST inventory and also due to lack of preparedness on the part of retailers in many States.

#### OPPORTUNITIES & THREATS AND SEGMENTS WISE PERFORMANCE

##### Domestic Business:

The Company is engaged in only one segment viz. pharmaceuticals.

The domestic formulations industry has been growing well for last several years and the growth prospects going forward seem robust. The future outlook for the industry and growth expectations remain positive in view of increased spending on healthcare. The per capita consumption of drugs is on increase due to spurt in chronic diseases coupled with increase in literacy rate, increase in per capita income, improved healthcare access, increasing market penetration and increasing health awareness. All these are expected to continue to provide growth opportunity in coming years. The brand building, new products introductions, product awareness programmes and penetration in Tier II and Tier III markets will remain growth enablers. For the Company, the domestic formulations business is a focus area and has been consistently growing at better than industry growth rate in last several years. In view of good long term growth prospects offered by the domestic industry and the Company's strengths in this business, the Company has good growth potential in this business.

During the year 2017-18, domestic formulations business of the Company registered 9.63% growth against industry growth of 6%. The Company has restructured its earlier Unique and JB division into four new divisions viz. VIVA, IIVA, JIVA and DIVA with total strength of about 2,000 field people for better focus on the product portfolio and to attain wider reach in the market. This also creates a capacity to efficiently handle more products. This aggressive strategy coupled with intensive training and scientific promotion has started to show positive results.

The Company's leading brands Cilacar (calcium channel blocker), Rantac (anti-peptic ulcerant), Metroglol (amoebicides) and Nicardia (calcium channel blocker) registered good value growth during the year. These four brands also feature in top 300 brands in unit terms (AWACS, March, 2018) and otherwise enjoy strong brand equity in medical fraternity and trade. The sustained brand building efforts in cardiac, gastro, pain management and topical anti-infective segments have met with good success and will continue to focus on them.

The Company launched four new products in dermatology, amoebicide and probiotic segments during the year, all of which have performed well. During the current year, the Company plans to launch new products in anti-hyperlipidemic, anti-hypertensive, wound management, cardiology, gastro and probiotic segment.

The Company's contrast media division at sales of ₹ 44.54 crores achieved marginal growth of 1.42% due to intense competition on the price front. The Company plans to launch next generation MRI contrast media agents during the current year and also focus on Tier II and Tier III cities offering diagnostic facilities. The Company also plans to aggressively focus on government tenders for growth of this business.

The rising costs and increasing span of price control remain a concern. However, the Company is hopeful of growing the business in this segment.

##### International business:

Wide geographical presence in international market, increased focus on ANDA filings, focus on new products introduction in Russia-CIS market, focus on lucrative contract manufacturing business backed by State-of-the-art manufacturing facilities with approval from health authorities such as US FDA, UK MHRA, TGA Australia, MCC South Africa, MoH-Russia, Ukraine (PICs), ANVISA Brazil, MoH-Japan, and wide range of products across injectable, solid and semi-solid present a good opportunity in international business.

The Company's overall formulations exports during the year at ₹ 537.88 crores were 2.65% higher over the previous year. Exports to Global markets (other than Russia-CIS) at ₹ 398.13 crores were 5.28% higher, while exports for

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - K (Contd.)

Russia-CIS markets at ₹ 60.53 crores were marginally lower. Other exports at ₹ 79.22 crores were 6.99% lower over the previous year. The lower growth in Global markets was on account of cautious approach to sales, due to delay in payments from some countries, which witnessed currency depreciation. Exports realisation were also impacted due to strong Rupee against US \$ during the year.

The sales to US at ₹ 107 crores fared well. The sales to other key markets viz. Australia and South Africa and focus markets in Africa and South East Asia also registered good growth. During the year, US FDA approved Company's ANDA for Lithium Carbonate Extended-Release Tablets USP 450 mg. (anti-manic) and Supplementary Abbreviated New Drug Application (sANDA) for Atenolol Tablets USP 25 mg., 50 mg. and 100 mg. (anti-hypertensive) manufactured using Company's own bulk drug. ANDA products and site transfer business continues to do well. These are focused business activities in Global business and the Company has been investing accordingly. The Company also continues to invest in new products for Russia-CIS market, which are under registration/clinical trial stage.

API sales at ₹ 92.76 crores achieved marginal growth over the previous year. During the year, the Company received a certificate of suitability for API Atenolol. This opens up the potential market of Europe for this product.

The Company perceives currency volatility, increased competition in generics business, price erosion and changing regulatory environment as a major concern in the international business.

#### OUTLOOK

In view of good business outlook both in domestic and international market as discussed above, the Company's manufacturing infrastructure of international standard, strong products portfolio with high growth brands, strong marketing capability and strong balance sheet present good outlook for the Company's business.

#### RISKS AND CONCERNS

Your Company does not perceive any risks or concerns other than those that are common to the industry such as regulatory risks, exchange risk and other commercial and business related risks.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an adequate system of internal controls, which ensures that its assets are protected from loss and

unauthorized use as well as business affairs are carried out in accordance with established procedures. These systems of internal controls also ensure that transactions are carried out based on authority and are recorded and reported in line with generally accepted accounting principles. The Company also has a system of regular internal audit carried out by competent professionals retained by the Company. The internal audit programme is approved by the Audit Committee, and findings of the internal auditor are placed before the Audit Committee and the Board at regular interval. The internal control system is adequate keeping in view size and nature of the Company's business.

#### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Revenue from operations and total income for the year at ₹ 1,254.74 crores and ₹ 1,289.99 crores registered growth of 4.68 % and 3.65 % respectively over the previous year. The operating profit at ₹ 147.20 crores was 16.31% lower due to lower growth in sales, higher depreciation, higher manpower cost due to expansion of field force in domestic business, strong Rupee and non-recurring operating expenditure of ₹ 14.56 crores. Consequently, the profit before tax and profit after tax of ₹ 179.04 crores and ₹ 128 crores respectively were also lower. The profit after tax was also impacted on account of higher tax provision due to lower capitalisation during the year compared to the previous year.

Consolidated revenue from operations at ₹ 1,413.51 crores was 3.30% higher, while consolidated profit before tax and consolidated profit after tax at ₹ 193.95 crores and ₹ 138.34 crores were 15.65% and 24.84% lower respectively.

#### HUMAN RESOURCE

There has been no material development on human resources and industrial relations front. The relationship with employees and workers continued to be cordial at all levels. As on March 2018, permanent employee strength and temporary employees strength was 3,772 and 1,260 respectively.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 25, 2018

**J. B. Mody**  
Chairman & Managing Director

## **DIRECTORS' REPORT (Contd.)**

### **ANNEXURE - L**

#### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018**

[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]

To,  
The Members,  
J. B. Chemicals & Pharmaceuticals Limited  
Neelam Centre, B wing,  
4<sup>th</sup> Floor, Hind Cycle Road,  
Worli, Mumbai 400030.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by J. B. Chemicals & Pharmaceuticals Limited (hereinafter called the Company). The Secretarial Audit was conducted in a manner, which provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during audit period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during audit period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and
  - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998;
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given in Annexure I.

## DIRECTORS' REPORT (Contd.)

### ANNEXURE - L (Contd.)

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

**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 audit period the Company has not passed any ordinary/ special resolutions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For Ashish Bhatt & Associates**

**Ashish Bhatt**

Practicing Company Secretary

FCS No: 4650

C.P. No. 2956

Place : Thane

Date : May 25, 2018

### ANNEXURE I

#### **List of applicable laws to the Company**

Under the Major Group and Head

1. Drugs & Cosmetics Act, 1940;
2. Drugs (Prices Control) Order 2013;
3. Factories Act, 1948;
4. Industries (Development & Regulation) Act, 1951;
5. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
6. Acts prescribed under prevention and control of pollution;
7. Acts prescribed under Environmental protection;
8. Acts as prescribed under Direct Tax and Indirect Tax;
9. Labour Welfare Act of respective States;
10. Trade Marks Act, 1999;
11. The Legal Metrology Act, 2000.

**For Ashish Bhatt & Associates**

**Ashish Bhatt**

Practicing Company Secretary

FCS No: 4650

C.P. No. 2956

Place : Thane

Date : May 25, 2018

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on code of governance is aimed at assisting the management and the Board of Directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity. The philosophy also includes insistence on strict adherence to the governance mechanism laid down in the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). These practices are intended to achieve balance between enhancement of stakeholder value and achievement of financial objective.

### BOARD OF DIRECTORS

#### (i) (a) Composition, Attendance and Other Directorships:

The strength of the Board of Directors of the Company as on the year end was thirteen. Six directors, including Mr. Jyotindra B. Mody, Chairman & Managing Director, are executive directors, while seven directors are non-executive and independent directors.

The information on composition and category of directors as well as attendance of each director at the meetings of the Board of Directors held during the year ended on March 31, 2018 and at the last annual general meeting and their directorships in other companies and committee membership in other public companies as of the year-end is as under:

Name of director	Category	No. of board meetings attended	Attendance at last AGM	No. of other directorship(s)	Other committee position	
					Member	Chairman
Mr. Jyotindra B. Mody	Executive (Promoter)	4	No	3	-	-
Mr. Dinesh B. Mody	Executive (Promoter)	4	Yes	2	-	-
Mr. Shirish B. Mody	Executive (Promoter)	4	Yes	3	-	-
Mr. Bharat P. Mehta	Executive (Promoter Group)	4	Yes	2	-	-
Mr. Pranabh Mody	Executive (Promoter Group)	4	Yes	3	1	-
Mr. Kamlesh L. Udani	Executive	3	Yes	3	-	-
Mr. Durga Dass Chopra	Non-Executive & Independent	4	Yes	1	-	-
Dr. Satyanarain Agarwala	Non-Executive & Independent	4	Yes	2	-	-
Mr. Rajiv C. Mody	Non-Executive & Independent	2	No	2	1	-
Ms. Krupa R. Gandhi	Non-Executive & Independent	4	Yes	1	-	-
Mr. Devang R. Shah	Non-Executive & Independent	4	Yes	4	-	-
Mr. Shaukat Merchant	Non-Executive & Independent	4	Yes	2	-	-
Dr. Manoj Mashru	Non-Executive & Independent	4	Yes	-	-	-

Notes:

- (1) The directorships exclude directorships of bodies corporate incorporated outside India.
- (2) The committee positions pertain to position held on Audit Committee and Stakeholders Relationship Committee of public limited companies.

#### (b) Meetings and Review:

4 meetings of the Board of Directors were held during the year ended on March 31, 2018. These meetings were held on May 23, 2017, August 11, 2017, November 10, 2017 and February 9, 2018.

The Board of Directors reviews compliance of applicable laws on quarterly basis. The Board has formulated risk management plan and periodically reviews the mitigations measures taken by the management. The Company has also laid down system to inform Board members about risk assessment and minimization procedures. The Company has a succession plan in place for orderly succession for appointment to the Board of Directors and senior management personnel. The Company places all information, as and when applicable, as specified in Part A of Schedule II of the Listing Regulations before the Board of Directors.

## CORPORATE GOVERNANCE REPORT (Contd.)

Independent directors of the Company met once in the year without the presence of non-independent directors and members of management for review and assessment of the matters, inter alia, set out in Regulation 25(4) of the Listing Regulations. The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and rules made there under.

**(c) Code of Conduct:**

The Board has laid down the code of conduct for members of the Board and senior management personnel of the Company. Board members and senior management personnel has affirmed compliance with the code and based thereon a declaration by managing director of the Company in this regard has been annexed to this report.

**(d) CEO/CFO Certification:**

The Managing Director and Chief Financial Officer have provided certificate as specified in Part B of Schedule II of the Listing Regulations to the Audit Committee and the Board of Directors.

**(e) Performance Evaluation:**

The Board of Directors (excluding director being evaluated) have carried out performance evaluation of Independent directors for the year 2017-18. The manner in which performance evaluation was carried out is specified in the Directors' Report.

**(ii) Relationship between directors inter-se:**

Mr. Jyotindra B. Mody, Mr. Dinesh B. Mody and Mr. Shirish B. Mody are related to each other as brothers. Mr. Bharat P. Mehta is related to Mr. Jyotindra B. Mody as son-in-law. Mr. Pranabh Mody is son of Mr. Dinesh B. Mody.

**(iii) The number of equity shares held by the non-executive directors in the Company as on March 31, 2018 are as under:**

Name	No. of shares held
Mr. Durga Dass Chopra	301,998
Dr. Satyanarain Agarwala	1,570
Mr. Rajiv C. Mody	1,725
Ms. Krupa R. Gandhi	-
Mr. Devang R. Shah	17,495
Mr. Shaukat Merchant	-
Dr. Manoj Mashru	-

**(iv) The Company conducted a familiarisation programme for its independent directors to familiarize them with (a) business of the Company along with over view of the industry and regulations governing it (b) type of products manufactured by the Company (c) business model of the Company in domestic and international market (d) markets where the Company does the business and growth prospects in such markets (e) Company's business activities in each business unit (f) major brands of the Company (g) Company's manufacturing facilities, and (h) role, rights, responsibilities and duties of Independent directors. The Company has posted the details of familiarisation programme imparted to independent directors on its website and web link thereto is [http://www.jbcpl.com/investors/pdf/2015\\_2016/Familiarization-programme.pdf](http://www.jbcpl.com/investors/pdf/2015_2016/Familiarization-programme.pdf).**

### AUDIT COMMITTEE

The composition of the Audit Committee complies with the requirement laid down in the Listing Regulations as well as Companies Act, 2013. Mr. D. D. Chopra, Chartered Accountant, is Chairman of the Audit Committee, while Mr. Dinesh B. Mody, Dr. Satyanarain Agarwala and Ms. Krupa R. Gandhi are the other members of the Audit Committee. M.C. Mehta, Company Secretary, acts as Secretary to the Audit Committee. The Audit Committee reviews information specified in Section B of Part C of Schedule II of the Listing Regulations, to the extent applicable.

The terms of reference of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; (2) Recommendation for

## CORPORATE GOVERNANCE REPORT (Contd.)

appointment, remuneration and terms of appointment of auditors of the Company; (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors; (4) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval; (5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval; (6) Monitoring the end use of funds raised through public offers and related matters; (7) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter; (8) Review and monitor the auditors' independence and performance, and effectiveness of audit process; (9) Approval or any subsequent modification of transactions of the Company with related parties; (10) Scrutiny of inter-corporate loans and investments; (11) Valuation of undertakings or assets of the Company, wherever it is necessary; (12) Evaluation of internal financial controls and risk management systems; (13) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; (14) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; (15) Discussion with internal auditors of any significant findings and follow up there on; (16) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board; (17) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; (18) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; (19) To review the functioning of the Whistle Blower mechanism; (20) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; (21) Approval or any subsequent modifications of transactions of the Company with related parties as per the Companies Act, 2013 and Listing Regulations; (22) Examination of the financial statements and the auditors' report thereon; and (23) Such other items of business as the Companies Act, 2013, rules made there under and the Listing Agreement for the time being in force requires or may hereinafter require the audit committee to consider, review, evaluate, examine, scrutinise, value, approve, monitor, report, note or otherwise.

Four meetings of the Audit Committee were held during the year ended on March 31, 2018. These meetings were held on May 23, 2017, August 11, 2017, November 10, 2017 and February 9, 2018. The information with regard to attendance of the members is as under:

Name	Position held	Category	No. of meetings attended
Mr. Durga Dass Chopra	Chairman	Non-executive & independent director	4
Mr. Dinesh B. Mody	Member	Executive director (Promoter)	4
Dr. Satyanarain Agarwala	Member	Non-executive & independent director	4
Ms. Krupa R. Gandhi	Member	Non-executive & independent director	4

The Chairman & Managing Director, President & Whole time director (Operations), Chief Financial Officer, statutory auditor and internal auditor are regular invitees to the Audit Committee meetings.

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three independent directors namely Dr. Satyanarain Agarwala, Chairman, Mr. Rajiv C. Mody and Mr. Devang R. Shah. The terms of reference of the Committee is as per the provisions of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Committee are (1) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; (2) To formulate criteria of persons who may be appointed in senior management. The term 'senior management' shall mean personnel of the Company who are members of its core management team (excluding board of directors) comprising all members of the management one level below the executive directors, including the functional heads;

## CORPORATE GOVERNANCE REPORT (Contd.)

(3) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal; (4) To devise a policy on board diversity (including diversity of thought, experience, knowledge, perspective and gender); (5) With effect from the date of coming into force of Section 58 (ii) of the Companies (Amendment) Act, 2017, to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance; (6) To formulate criteria for performance evaluation; (7) To carry out such other function and duty as is or may be prescribed under the Companies Act, 2013, rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time; (8) To determine remuneration package for executive directors and also approve remuneration of executive directors in the event of absence or inadequacy of profits in any year pursuant to Schedule V to and other related provisions of the Companies Act, 2013, and (9) To decide as to whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors and make recommendation to the Board in this behalf.

Two meetings of Nomination and Remuneration Committee were held during the year on May 19, 2017 and February 7, 2018. The information with regard to attendance of the members is as under:

Name	Position held	Category	No. of meetings attended
Dr. Satyanarain Agarwala	Chairman	Non-executive & independent director	2
Mr. Rajiv C. Mody	Member	Non-executive & independent director	1
Mr. Devang R. Shah	Member	Non-executive & independent director	2

The Nomination and Remuneration Committee has, inter alia, laid down criteria for evaluation of performance of independent directors, which are also adopted by the Board for the purpose. The criteria for performance evaluation of the Independent directors are (1) active participation in Board meetings and committee meetings (2) devotion of time to the Company's affairs as per Company's requirement and regular attendance of Board meetings and committee meetings (3) adequate preparation for the Board meetings (4) objectivity and independent judgement to the proceedings and deliberations of the Board (5) observance and promotion of corporate governance (6) open and constructive communication, and (7) attendance at the meetings.

### REMUNERATION OF DIRECTORS

#### (i) Remuneration of Non-executive directors

The non-executive directors at present are only paid sitting fees for attending meetings of the Board and Committee(s) thereof. Role and responsibilities of non-executive directors, being the criteria relied upon by the Board, the Board unanimously decides the amount of sitting fees to be paid from time to time, in accordance with the Remuneration Policy of the Company. The sitting fee presently fixed does not require prior approval of the shareholders. The information on amount of sitting fees paid to the non-executive directors for attending meetings of the Board and Committee(s) thereof held during the year ended on March 31, 2018 is as under:

Name	Sitting Fees (₹)
Mr. Durga Dass Chopra	960,000
Dr. Satyanarain Agarwala	1,080,000
Mr. Rajiv C. Mody	280,000
Ms. Krupa R. Gandhi	800,000
Mr. Devang R. Shah	560,000
Mr. Shaukat Merchant	400,000
Dr. Manoj Mashru	400,000

During the year under report, the non-executive directors' neither had any other pecuniary relationship nor entered into any other transaction vis-à-vis the Company.

## CORPORATE GOVERNANCE REPORT (Contd.)

### (ii) Remuneration of Executive directors

The remuneration of the executive directors of the Company for the year ended on March 31, 2018 summarized under major elements is as under:

(₹ in lakhs)

Name	Salary	Allowances & Perquisites	Retiral benefits	Total
Mr. Jyotindra B. Mody	211.89	230.87	57.21	499.97
Mr. Dinesh B. Mody	211.89	230.87	57.21	499.97
Mr. Shirish B. Mody	211.89	230.87	57.21	499.97
Mr. Bharat P. Mehta	113.51	107.50	30.65	251.66
Mr. Pranabh Mody	113.51	107.50	30.65	251.66
Mr. Kamlesh L. Udani	71.19	71.19	19.22	161.60

Notes:

- All the above remuneration components are fixed in nature.
- The appointment of each executive director is for a period of five years from the respective date of appointment.
- The Company has entered into contract with each executive director setting out terms and conditions of appointment, which contract can be terminated by either party by giving three months notice to the other. The contract so entered into does not provide for payment of severance fees.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee consists of Mr. Durga Dass Chopra, Chairman, Mr. Jyotindra B. Mody and Mr. Dinesh B. Mody. M. C. Mehta, Company Secretary & Vice President-Compliance is compliance officer and acts as Secretary to the Committee. The terms of reference include consideration and resolution of grievances of the security holders.

The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. The status of the investors' complaints is reviewed by the Stakeholders Relationship Committee generally on quarterly basis. During the year, the Company received 7 investor complaints all of which have been resolved before the end of the year, and believed to have been resolved to the satisfaction of the investors. Thus, no investor grievance was pending at the year-end.

### GENERAL BODY MEETINGS

The information relating to the location and time of last three annual general meetings and the special resolutions passed thereat is as under:

Year	Location	Date	Time	Whether any special resolution passed
14-15	Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400020.	August 19, 2015	3.30 p.m.	Yes. Nine special resolutions passed.
15-16		August 23, 2016	3.30 p.m.	No.
16-17		September 19, 2017	3.30 p.m.	Yes. Six special resolutions passed.

The Company has neither passed any special resolution through postal ballot during 2017-18 nor at present proposes to conduct any special resolution through postal ballot.

### MEANS OF COMMUNICATION

The quarterly results are generally published in Business Standard and Sakal, and also displayed on the Company's website [www.jbcpl.com](http://www.jbcpl.com). The official news releases are also displayed on the Company's website. During the year, the Company made one presentation to institutional investors / analysts. The said presentation is also displayed on the Company's website.

## CORPORATE GOVERNANCE REPORT (Contd.)

### GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	September 4, 2018 at 3.30 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.
Record Date (for electronically held shares)	August 28, 2018
Date of Book Closure (for physically held shares)	August 29, 2018 to September 4, 2018 (both days inclusive)
Financial year	April to March
Dividend Payment Date	September 7, 2018
Listing on Stock Exchanges	-BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. -National Stock Exchange of India Limited Address: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. The Company has paid the annual listing fees for the period April 1, 2018 to March 31, 2019 to both the Exchanges.
Stock Code	BSE: 506943 NSE: JBCHEPHARM
Market Price Data	Annexure A.
Performance in comparison to BSE Sensex	Annexure B.
Registrar and Share Transfer Agents	Datamatics Business Solutions Ltd. Plot No.B-5, Part B Cross Lane, MIDC, Marol, Andheri (E), Mumbai - 400 093. Tel. No.: (022) 6671 2001-06 Fax No.: (022) 6671 2011 Email: <a href="mailto:investorquery@datamaticsbpm.com">investorquery@datamaticsbpm.com</a>
Share Transfer System	The power of share transfer is delegated by the Board to a committee of directors. The Share Transfer Committee meets regularly to consider and approve transfer of shares held in physical form.
Distribution of Shareholding as on 31-03-2018.	Annexure C.
Shareholding pattern	Annexure D.
Dematerialization of shares and liquidity	Annexure E.
Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity.	The Company has not issued any GDRs/ADRs/warrants or any other convertible instrument.
Commodity price risk and hedging activities	The Company does not have material commodities price risk. Hence, no hedging activities are undertaken.
Foreign exchange risk and hedging activities	The significant sales of the Company come from exports to a number of countries and it transacts its business in international markets in various foreign currencies such as USD, EURO, RUB, AUD, AED and GBP. Therefore, exchange risk assumes significance for the Company and volatility of currencies bears direct relationship on performance of the Company.  Primarily the foreign exchange exposure is under USD, EURO and RUB and exposure under these currencies is hedged by taking forward cover for appropriate period of time on past performance basis under respective currencies / equivalent USD as per the guidelines prescribed by the Reserve Bank of India (RBI).

## CORPORATE GOVERNANCE REPORT (Contd.)

Plant Locations	<p>-Plot No. 215 to 219, 304 to 310 and 4 &amp; 5, Phase IV, GIDC Industrial Area, Panoli 394 116, Gujarat.</p> <p>-Plot No.128/1, 128/1/1, 128/2, 129/1 &amp; 129/B1, GIDC Industrial Area, Ankleshwar 393 002, Gujarat.</p> <p>-Survey No. 101/2 &amp; 102/1, Daman Industrial Estate, Airport Road, Kadaiya, Daman 396 210.</p>
Address for correspondence	<p>Corporate Office: Cnergy IT Park, Unit A2, 3<sup>rd</sup> floor, Appa Saheb Marathe Marg, Prabhadevi, Mumbai 400 025. Tel. No.(022) 2439 5500/2439 5200 Fax No. (022) 2431 5331 / 2431 5334 E-mail: <a href="mailto:secretarial@jbcpl.com">secretarial@jbcpl.com</a> The investors may register their grievance on <a href="mailto:investorelations@jbcpl.com">investorelations@jbcpl.com</a>, an exclusive e-mail ID for registration of complaints by the investors.</p>

### DISCLOSURES

- The Company has not entered into any materially significant related party transaction with any related party that may have potential conflict with the interest of the Company at large.
- To the best of the Company's knowledge, there has been no incidence of non-compliance with requirement of stock exchange, SEBI or other statutory authority, on matters relating to capital markets during last three years. During last three years, no penalty or stricture has been imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital market.
- The Board of Directors of the Company has established vigil mechanism in the form of whistle blower policy, the details whereof are provided in the Board's report, which forms part of this Annual Report. The Whistle Blower Policy is available on the Company's website [www.jbcpl.com](http://www.jbcpl.com). It is affirmed that none of the personnel has been denied access to the Audit Committee.
- The Company is in compliance with all mandatory requirements of the Listing Regulations. The status on adoption of discretionary requirements is set out in this report.
- The Company has formulated (a) the Policy for determining material subsidiaries and has posted the same on its website [www.jbcpl.com](http://www.jbcpl.com). The web link thereto is [http://www.jbcpl.com/investors/pdf/policy/Material\\_Subsiidiaries.pdf](http://www.jbcpl.com/investors/pdf/policy/Material_Subsiidiaries.pdf). (b) the Policy on dealing with Related Party Transactions and has posted the same on its website [www.jbcpl.com](http://www.jbcpl.com). The web link thereto is [http://www.jbcpl.com/investors/pdf/policy/Related\\_Party\\_Transactions.pdf](http://www.jbcpl.com/investors/pdf/policy/Related_Party_Transactions.pdf).
- The Company does not have material commodities price risk. Hence, no hedging activities are undertaken.

### CORPORATE GOVERNANCE COMPLIANCE:

The Company has complied with all requirements of corporate governance report of sub-paras (2) and (10) of the Part C of Schedule V of the Listing Regulations. The Company has also submitted to the Exchanges periodical compliance reports on corporate governance within the prescribed period.

### DISCRETIONARY REQUIREMENT

The extent of adoption of discretionary requirement set out in Part E of Schedule II of the Listing Regulations is as under :

- **The Board:** The Chairman of the Company is executive and hence the provision with regard to maintenance of chairman's office as contained in the discretionary requirement is not relevant.
- **Shareholders rights:** The half-yearly financial results are published in the news papers as mentioned above as well as posted on the Company's website. The significant news, if any, too are posted on the Company's website. In view of this, the same are not separately sent to the shareholders.
- **Modified opinion(s) in the audit report:** The Company's financial statement is with unmodified audit opinion.

## CORPORATE GOVERNANCE REPORT (Contd.)

- **Separate posts of Chairman and CEO:** The Company's Articles of Association provides that the same individual may hold both these posts. This discretionary requirement will be considered by the Company at the appropriate time.
- **Reporting of Internal Auditor:** Internal auditor reports to both Audit Committee as well as the Board of Directors.

### VIGIL MECHANISM

The Board of Directors has established vigil mechanism in the form of Whistle Blower Policy to enable directors, employees and other stakeholders to make written protected disclosures (as defined in the Policy) to the Chairman of the Redressal Committee constituted under the Policy for evaluation and investigation of such disclosure. The Policy provides for adequate safeguards against any kind of victimisation or unfair treatment of whistle blowers. The Policy also provides for access of whistle blower to the Chairman of the Audit Committee in appropriate or exceptional circumstances.

### RELATED PARTY TRANSACTIONS

The Company has formulated a policy on materiality of related party transactions and on dealing with related party transactions. All related party contracts or arrangements have been entered into with prior approval of the Audit Committee and the Board of Directors. In case of omnibus approvals by the Audit Committee, the conditions mentioned in the Companies Act, 2013 and Listing Regulations have been complied with while granting omnibus approval. The related party transactions entered into by the Company are at arm's length and in ordinary course of business and none of them is material in nature.

### SUBSIDIARY COMPANIES

The Company does not have unlisted material subsidiary incorporated in India. The Audit Committee reviews the financial statement of the subsidiary companies including the investments, if any, made by the subsidiary companies. The minutes of meetings of the board of directors of subsidiaries have been placed at the meeting of the Board of Directors of the Company.

### SENIOR MANAGEMENT

All members of senior management submit on quarterly basis letter of disclosure of interest to the Board relating to all material, financial and commercial transactions, where they have personal interest, if any, that may have a potential conflict with the interest of the Company at large.

### QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE

During the year 2017-18, the Company has submitted to the Exchanges quarterly compliance report on corporate governance within the prescribed time and have placed such report before the Board of Directors at the next meeting.

### DIVIDEND DISTRIBUTION POLICY

Dividend Distribution Policy formulated by the Company pursuant to Clause 43A of the Listing Regulations is set out in Annexure-F.

### DISCLOSURES ON WEBSITE

The Company has, inter alia, disseminated the following information on its website [www.jbcpl.com](http://www.jbcpl.com):

- Terms and conditions of appointment of independent directors.
- Composition of various Committees of the Board of Directors.
- Code of Conduct for Board of Directors and Senior Management Personnel.
- Details of establishment of vigil mechanism/Whistle Blower Policy.
- Criteria for making payment to non-executive directors, which forms part of Remuneration policy.
- Policy on dealing with related party transactions.
- Policy for determining material subsidiary.
- Details of familiarisation programme imparted to independent directors.
- Dividend Distribution Policy.
- Business Responsibility Policy.

### SHARES SUSPENSE ACCOUNT

No shares issued by the Company are unclaimed. Thus, no shares have been transferred to demat suspense account or unclaimed suspense account.

## CORPORATE GOVERNANCE REPORT (Contd.)

### DECLARATION

I hereby declare that the directors and senior management personnel including all functional heads of the Company have affirmed compliance with the code of conduct, for the year ended on March 31, 2018.

For and on behalf of the board of directors

Place : Mumbai  
Date : May 25, 2018

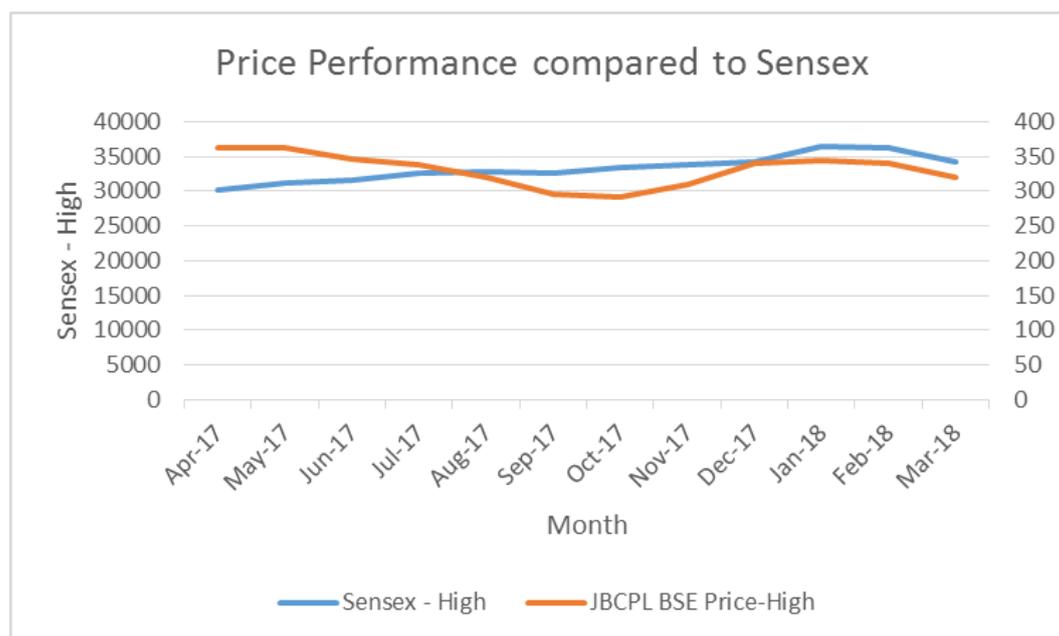
**J. B. Mody**  
Chairman & Managing Director

### ANNEXURE A

The high and low prices of the Company's equity shares (of face value of ₹ 2 each) on BSE Limited (BSE) and on National Stock Exchange of India Limited (NSE) during each month in the financial year 2017-18 were as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (₹)	Low (₹)	Volume of shares traded
April, 2017	363.00	322.20	172,385	367.50	323.30	1,038,526
May, 2017	363.05	323.95	288,214	362.80	323.10	2,210,527
June, 2017	345.50	312.00	115,859	347.00	310.10	884,639
July, 2017	337.00	301.00	186,434	337.50	302.10	749,821
August, 2017	319.45	275.00	155,562	319.70	274.05	1,342,867
September, 2017	295.00	255.00	189,592	294.85	259.00	1,650,850
October, 2017	290.60	267.75	1,069,548	292.00	272.00	2,242,864
November, 2017	309.35	281.50	580,535	309.00	282.10	6,622,432
December, 2017	340.75	285.00	683,229	341.00	285.20	3,583,400
January, 2018	344.00	304.00	252,429	344.00	303.00	1,448,334
February, 2018	339.25	286.00	171,914	340.00	281.10	1,425,755
March, 2018	319.90	280.65	88,190	320.95	281.00	1,050,860

### Annexure B



## CORPORATE GOVERNANCE REPORT (Contd.)

### ANNEXURE C

Distribution of shareholding as on March 31, 2018 is as under.

Range of equity shares held	No. of shareholders	% of shareholders	No. of equity shares held	% of capital
Upto 500	28,671	81.76	3,816,952	4.57
501 – 1000	2,710	7.73	2,186,761	2.62
1001 – 2000	1,904	5.43	2,969,518	3.55
2001 – 3000	798	2.28	2,046,421	2.45
3001 – 4000	291	0.83	1,048,103	1.25
4001 – 5000	166	0.47	770,211	0.92
5001 – 10000	265	0.76	1,891,738	2.26
10001 – 50000	194	0.55	3,932,067	4.71
50001 and above	69	0.20	64,908,204	77.67
<b>Total</b>	<b>35,068</b>	<b>100</b>	<b>83,569,975</b>	<b>100.00</b>

### ANNEXURE D

Shareholding pattern as on March 31, 2018 is as under.

Category	No. of shares	% holding
Promoters & Promoter Group	46,663,278	55.84
Other directors & their relatives	396,063	0.47
Mutual Funds, Banks & Insurance Companies	8,878,738	10.62
Foreign Portfolio Investors	4,449,892	5.32
Alternate Investment Funds	1,770,189	2.12
Clearing Member	87,134	0.10
IEPF Authority	137,462	0.16
Bodies Corporate	2,850,094	3.41
Individuals	18,337,125	21.94
<b>Total</b>	<b>83,569,975</b>	<b>100.00</b>

### ANNEXURE E

The position as to dematerialization of shares as on March 31, 2018 is as under:

Category	No. of shares	% of shares	No. of Shareholders	% of Shareholders
Electronic Form	82,384,225	98.58	34,054	97.11
Physical Form	1,185,750	1.42	1,014	2.89
<b>Total</b>	<b>83,569,975</b>	<b>100.00</b>	<b>35,068</b>	<b>100.00</b>

The information as to liquidity of shares (i.e. number of shares traded) is provided in Annexure A above.

## CORPORATE GOVERNANCE REPORT (Contd.)

### ANNEXURE F

#### Dividend Distribution Policy

##### 1. Preamble and Objective:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("Regulations") requires top 500 listed companies (by market capitalisation) to formulate a dividend distribution policy including certain specified parameters as well as disclose the same in annual report and on its website.

J.B. Chemicals & Pharmaceuticals Limited ("Company") has, in past, regularly paid dividends and this Policy reflects intent of the Company to continue to reward shareholders by sharing a portion of its profit after retaining sufficient cash for its growth. The objective of this Policy is to set out the broad frame work that the Board of Directors of the Company shall keep in view before declaring a dividend. The Board of Directors shall declare or recommend a dividend in compliance with the provisions of the Companies Act, 2013, Rules made there under, other applicable legal provisions and this Policy. The decision to pay dividend and quantum thereof is at discretion of the Board of Directors and this policy does not aim to substitute the discretion and decision making of the Board of Directors.

##### 2. Dividend Pay out:

Dividend for any financial year will be declared out of profit after tax of the Company. Unrealised gains and such other item of income as the Board considers appropriate will not be considered for the purpose of declaration or recommendation of dividend.

Keeping in view the provisions of this Policy, the Board will endeavour to achieve dividend payout (including dividend distribution tax) in the range of 10% to 30% of profit after tax after considering the long term plans and other parameters/factors stated hereunder. However, the actual quantum of dividend pay-out may vary in any financial year on account of financial/internal and external parameters specified hereunder.

##### 3. Financial Parameters/Internal factors:

The Board of Directors will consider all relevant financial parameters/internal factors, including but not limited to the following before recommending or declaring any dividend for any financial year as such parameters/factors has direct bearing on dividend distribution decision.

1. Existing and expected operational/financial performance;
2. Profit available for distribution;
3. Availability of free cash;
4. Stability of earnings;
5. Liquidity position;
6. Working capital requirement;
7. Capital expenditure requirement;
8. Cash required to repay debt;
9. Buy-back of shares or any other measure involving return of cash to shareholders;

##### 4. External Factors:

The Board of Directors will consider relevant external factors, including but not limited to the following before recommending or declaring any dividend for any financial year as such factors influence dividend distribution decisions as well as future earnings.

1. Macro-economic conditions; national and international;
2. Industry outlook;
3. Overall economic and regulatory environment;

## CORPORATE GOVERNANCE REPORT (Contd.)

4. Impact of currencies;
5. Capital market condition;
6. Statutory provisions;
7. Dividend payout followed by similar sized companies in the same industry;

As such, the actual dividend payout may vary in a given year depending on the above stated or similar parameters/factors.

### 5. Circumstances under which the shareholders of the company may or may not expect dividend:

The Shareholders may expect dividend in a financial year when the Company has earned sufficient profit after tax. However, the shareholders may not expect dividend when the Board believes (a) that resources need to be conserved for the business of the Company or (b) the available cash is proposed to be used for any purpose set out in 3 above or (c) there are no profit or inadequate profit in any year.

### 6. Interim Dividend/Special Dividend:

The Board may declare interim dividend/Special one-time dividend if they so deem fit in case of availability of distributable surplus, profits during the year, any exceptional gain accruing to the Company or otherwise keeping in view parameters/factors mentioned above.

### 7. Utilisation of retained earnings:

The retained earnings will be used, inter alia, for pursuing Company's growth plans, meeting working capital requirement, making long-term investments, meeting contingencies, issue of bonus shares, buy-back of shares and every other purpose permitted by or under law. Further, retained earnings may also be utilised as a part of overall scheme of any merger, acquisition or any other form of restructuring.

Subject to provisions of the Companies Act and the Rules made there under, the free reserves may also be utilised for payment of dividend in the year of no profit or inadequate profit.

### 8. Parameters with regard to other classes of shares:

The share capital of the Company currently comprises of only equity shares. All aspects of this Policy accordingly apply to equity shares. In case of issue of other class of shares, the Board shall appropriately modify this Policy.

### 9. Disclosure:

As required under the Regulations, this Policy shall be disclosed in the Company's annual report and on its website [www.jbcpl.com](http://www.jbcpl.com).

### 10. Miscellaneous:

- a) The Board may revise, modify or alter this Policy from time to time if they deem fit or necessary. Such revised Policy shall be disclosed as mentioned above.
- b) In case of any doubt arising out of this Policy, clarification provided or decision taken by the Board of the Company shall be final and binding.
- c) This Policy does not intend to give or shall not be taken as giving assurance of any guaranteed returns on equity shares of the Company.

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### Independent Auditors' Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
The Members of J. B. Chemicals & Pharmaceuticals Ltd.

1. The accompanying Corporate Governance Report prepared by J. B. Chemicals & Pharmaceuticals Limited ("the Company"), contains details as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This Report is required by the Company for annual submission to the Stock Exchange and to be sent to the shareholders of the Company.

#### Managements' Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specified requirement of the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Reports for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditors' judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures includes, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### Opinion

9. Based on the procedures performed by us as referred in paragraph 7 & 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

**Other matters and Restriction on Use**

10. This Report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the Statutory Auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

**For Damania & Varaiya**

Chartered Accountants  
Firm Registration No 102079W

**Bharat Jain**

Partner  
Membership No: 100583

Place: Mumbai

Date : May 25, 2018.

## BUSINESS RESPONSIBILITY REPORT

The following is the Business Responsibility Report pursuant to Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("Regulations").

### SECTION A: General information about the Company

1.	Corporate Identity Number (CIN) of the Company	L24390MH1976PLC019380
2.	Name of the Company	J .B. Chemicals & Pharmaceuticals Ltd.
3.	Registered address	Neelam Centre, 'B' Wing, 4 <sup>th</sup> Floor, Hind Cycle Road, Worli, Mumbai - 400 030.
4.	Website	<a href="http://www.jbcpl.com">www.jbcpl.com</a>
5.	E-mail id	<a href="mailto:secretarial@jbcpl.com">secretarial@jbcpl.com</a>
6.	Financial Year reported	April 1, 2017 to March 31, 2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceuticals
8.	List three key products that the Company manufactures (as in balance sheet)	Cilnidipine, Ranitidine and Metronidazole.
9.	Total number of locations where business activity is undertaken by the Company	
(a)	Number of International Locations (Provide details of major 5)	The Company has representative office in Russia and Ukraine. Excepting this, the Company does not have its own location outside India.
(b)	Number of National Locations	Nine manufacturing facilities across Ankleshwar, Panoli and Daman, 27 distribution locations across the country, one area office in Delhi and Kolkata, R & D Centre at Thane (Maharashtra), Panoli and Daman (Gujarat) and a Registered and Corporate office at Mumbai.
10.	Markets served by the Company	India and over 50 countries across Asia and South East Asia, Gulf & Middle East, USA, EU, Canada, Australia, New Zealand, Latin & Central America, Africa & South Africa and Russia-CIS.

### SECTION B: Financial details of the Company

1.	Paid up Capital (INR)	₹ 1,671.40 lakhs
2.	Total Turnover (INR)	₹ 122,780.56 lakhs
3.	Total profit after taxes (INR)	₹ 12,800.14 lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's total spending of ₹ 295.41 lakhs on CSR during FY 2017-18 was 2.31% of the profit after tax for the year.
5.	List of activities in which expenditure in 4 above has been incurred	Expenditure on CSR has been incurred on activities/projects in the area of (i) Promoting health care including preventive healthcare (ii) Promotion of education (iii) Eradication of poverty, and (iv) Protection of environment. For details of such activities/projects, please refer to Annexure-E to the Directors' Report.

### SECTION C: Other details

1.	Does the Company have Subsidiary Companies?	Yes.
2.	Do the Subsidiary Companies participate in the BR Initiatives of the parent company?	No.
3.	Do any other entity (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	No.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

### SECTION D: BR Information

#### 1. Details of Director responsible for BR

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

1. DIN Number: 00036215
2. Name : Kamlesh L. Udani
3. Designation : Executive Director (Technical & Production)

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number	Not applicable
2	Name	Mayur C. Mehta
3	Designation	Company Secretary & Vice President - Compliance
4	Telephone number	(022) 2439 5200 / 5500
5	e-mail id	secretarial@jbcpl.com

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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The Company has formulated Code of conduct and anti-bribery policy which meet industry standards. BR Policy conform to principles laid down in NVG on Social, Environmental and Economic Responsibilities of Business.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ CEO/ appropriate Board Director?	Yes. It is signed by the Chairman & Managing Director.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="http://www.jbcpl.com/investors/pdf/code_of_conduct_for_directors.pdf">http://www.jbcpl.com/investors/pdf/code_of_conduct_for_directors.pdf</a> <a href="http://www.jbcpl.com/investors/pdf/policy/Anti_Bribery_Policy.pdf">http://www.jbcpl.com/investors/pdf/policy/Anti_Bribery_Policy.pdf</a> <a href="http://www.jbcpl.com/investors/pdf/policy/Business_Res_Policy0001.pdf">http://www.jbcpl.com/investors/pdf/policy/Business_Res_Policy0001.pdf</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No. However, working of the policies is monitored by the functional heads. Formal evaluation will be carried out when deemed appropriate.								

## BUSINESS RESPONSIBILITY REPORT (Contd.)

### 3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	This will be an annual process.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This BR report will be published annually as per the Regulations. This report is available at <a href="http://www.jbcpl.com/investors/pdf/policy/BusinessResponsibilityReport.pdf">http://www.jbcpl.com/investors/pdf/policy/BusinessResponsibilityReport.pdf</a> .

### SECTION E: Principle-wise performance

#### Principle 1: Ethics, Transparency and accountability

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

Yes.

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

No.

##### 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.

The Company did not receive any complaint in the past financial year from any stakeholder.

#### Principle 2: Product safety and sustainability

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

Being in pharmaceutical business, the products are manufactured as per pharmacopoeial standard. Hence, this question does not have direct relevance to nature of products manufactured by the Company. However, the Company complies with prescribed terms and conditions during the course of treatment and discharge of effluents. The Company's API manufacturing facility is zero water discharge facility.

##### 2. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has a well-established procedure of Vendor Development. The vendors' facilities and documentations are audited before being included in the approved vendor list. The Quality Assurance teams audit all key vendors every 2 years. The Company also has approved vendors

for transportation of goods. There is a process of identifying and developing alternate vendors for critical materials sourced from single vendor.

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

Currently, 70% of the Company's procurement is from local and small vendors and 30% from International vendors. The vendors are made aware of best practices during the audits and necessary guidance is given to enable them to upgrade their manufacturing process capabilities.

##### 4. 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.

Being in pharmaceutical business, recycling of products is not permitted. Waste water generated at manufacturing facilities is re-used in cooling towers and boilers after effluent treatment. The Company disposes off other wastes generated in API manufacturing process, as per GPCB approval except one solvent viz. ethoxy ethanol, which is recycled and used in manufacturing process, which is 5-10% of total waste generated in API manufacturing process. Further, hazardous waste having calorific value is sent for co-processing to cement kilns and the same is used in place of fossil fuel in cement industry.

#### Principle 3: Employee well-being

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

3,772

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

1,260

## BUSINESS RESPONSIBILITY REPORT (Contd.)

3. Please indicate the number of permanent women employees.

455

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

Nil

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

The Company does not have employee association.

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

Not applicable.

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

No.	Category	No. of complaints filed during the year	No. of complaints pending as on end of the financial year
1.	Child labour / forced labour/ involuntary labour	Nil	Not applicable
2.	Sexual harassment	Nil	Not applicable
3.	Discriminatory employment	Nil	Not applicable

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

(a)	Permanent Employees	Safety training & Skill up-gradation at all locations: 100% & 46% (average) respectively.
(b)	Permanent Women Employees	Safety training at all locations: 100%
(c)	Casual/Temporary/ Contractual Employees	Safety training & Skill up-gradation at all locations: 100% & 35% (average) respectively.
(d)	Employees with Disabilities	Not Applicable

### Principle 4: Stakeholder engagement

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes.

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

No.

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.

The Company has not identified any stakeholder as disadvantaged, vulnerable and marginalized stakeholders.

### Principle 5: Human Rights

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

It covers only the Company.

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

The Company did not receive any complaint from any stakeholder in the past financial year.

### Principle 6: Environment

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

It covers only the Company.

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

The Company has not formulated specific policy to address this issue. However, the Company is a responsible corporate committed to improve climate within its sphere of activities. The Company's API unit is zero liquid discharge unit and it otherwise takes steps to discharge and dispose off effluents and waste in a manner that does not affect environment adversely. The Company uses Soil Biotechnology (green technology) for treatment of domestic waste water. This information is not separately placed on the Company's website.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

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

Yes. In case of setting up a unit or modification in manufacturing process, the Company carries out environmental risk assessment before undertaking such project and addresses potential environmental risks.

### 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 at present does not have such project. The Company files environment compliance report in respect of environment clearances granted to it.

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

Yes. The Company regularly takes initiatives to use energy efficient devices and equipment to optimize use of power. The Company has installed efficient motors for HVAC, high efficiency boilers and chillers, multiple effect evaporators, LED lights, solar energy for hot water generation, optimization of batch size, wherever possible, etc. This information is not separately placed on the Company's website.

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

Yes. However, in respect of a sample of ETP treated waste water drawn by the pollution control authority at Daman from the Company's unit at Kadaiya (Daman), certain parameters were found to be in excess of prescribed limit. In order to address this, the Company has undertaken modification to effluent treatment plant and other remedial measures not only to achieve compliance in time bound manner but also to make the said unit zero discharge eventually.

### 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.

One show cause notice received from pollution control authority at Daman is deemed pending as at the year-end.

### Principle 7: Policy Advocacy

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

Yes. The major ones that our business deals with are as under:

- Indian Pharmaceutical Alliance,
- Indian Drugs Manufacturers' Association,
- Pharmaceuticals Export Promotion Council,
- Federation of Indian Export Organisations.

#### 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas.

No.

### Principle 8: Inclusive growth and equitable development

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

The Company through its CSR activities supports social development. The Company regularly incurs CSR expenditure in the area of promoting healthcare with object to make medical facility available to unprivileged and needy local community. Besides this, the Company also contributes to activities/projects in the area of education.

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

The projects are undertaken by way of contribution to NGOs.

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

In respect of contributions made to hospitals, we carry out assessment of number of patients availing the services and also the services that are required by them. This helps to upgrade the facilities.

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

The Company's contribution to community development project is through CSR activities undertaken every year. During 2017-18, the Company spent ₹ 295.41 lakhs on such projects/activities. Please refer to Annexure-E to Directors' report for details of the projects / activities undertaken during 2017-18.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Such steps are taken keeping in view the nature of community development measure taken.

### Principle 9: Customer value

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

No customer complaints/consumer cases are pending as on the end of financial year. No customer complaint was received during the year.

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

Yes. The Company provides information such as (a) indication of the dosage in

terms of the units of the dosage forms [for all solid dosage form other than prescription drugs]. (b) direction for use of the drug, and (c) cautionary statement (in case of large-volume injections) not to use the injection if drug is not clear or the bottle or container containing it is found damaged or leaking.

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?**

No. Not relevant keeping in view business of the Company.

## INDEPENDENT AUDITORS' REPORT

To The Members of J. B. Chemicals & Pharmaceuticals Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of J. B. Chemicals & Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the 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 the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income),

## INDEPENDENT AUDITORS' REPORT (Contd.)

the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act and the rules prescribed thereunder;
- e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- 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 did not have any long term contracts including derivative contracts, as such the question of commenting on any material foreseeable losses thereon does not arise;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Damania & Varaiya**  
Chartered Accountants  
Firm's registration No.: 102079W

**Bharat Jain**  
Partner

Place: Mumbai  
Date : May 25, 2018

Membership No.: 100583

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of J. B. Chemicals & Pharmaceuticals Limited of even date).

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the discrepancies noticed on physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of account.
- (iii) The Company has not granted loans to the companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- (iv) 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 investments made and guarantees given.
- (v) In our opinion and according to the information and explanations given to us, the Company, during the year, has not accepted the deposits from the public.

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

(vi) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records, under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, *prima facie*, the prescribed accounts and records have generally been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees'

state insurance, income-tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

b) According to information and explanation given to us, details of disputed income tax, sales tax, excise duty and service tax demands that have not been deposited on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (₹ In lakhs)	Period to which amount relates	Forum where dispute pending
Income Tax Act, 1961	Income Tax	50.81(#)	2012-2013	Commissioner (Appeals)
The UP Sales Tax Act	Sales Tax	0.25	1992-1993	Supreme Court of India
MVAT Act, 2002	Interest	4.22	2012-2013	Commissioner (Appeals)
Tamilnadu VAT Act, 2006	VAT Tax	3.44	2006-2007 to 2011-2012	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	7.19	2006-2009	CESTAT
		25.57	April 2011 to June 2015	
		46.87	2011-2012 to 2014-2015	
		1.22	July 2010 to Oct 2011	
		0.67	November 2011 to March 2012	
Central Excise Act, 1944	Excise Duty & Penalty	20.26	2010 -2011	Commissioner (Appeals)
		1.70	April 2012 to September 2013	
		22.85	July 2015 to March 2017	
		32.13	July 2015 to March 2017	
		9.36	July 2015 to March 2017	
		28.90	November 2015 to March 2016	
The Finance Act, 1994	Service Tax & Penalty	4.37	October 2013 to March 2015	Commissioner (Appeals)
		6.28	October 2008 to March 2014	
		0.62	April 2014 to October 2014	
		22.52	October 2008 to March 2014	

(#) pertaining to the order passed in the case of erstwhile amalgamating companies.

(viii) According to the records of the Company, it has not defaulted in repayment of dues to any banks.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers

or employees has been noticed or reported during the course of our audit for the year.

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

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with 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.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Damania & Varaiya**  
Chartered Accountants  
Firm's registration No.: 102079W

**Bharat Jain**  
Partner

Place: Mumbai  
Date : May 25, 2018

Membership No.: 100583

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of J. B. Chemicals & Pharmaceuticals Limited on the Standalone Ind AS financial statements for the year ended March 31, 2018].

### 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 Standalone Ind AS Financial Statement of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of J. B. Chemicals & Pharmaceuticals Limited (hereinafter referred to as "the Company") as of that date.

#### Management's Responsibility for Internal Financial Controls

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

financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

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

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

## ANNEXURE - B TO THE AUDITORS' REPORT (Contd.)

of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

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

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Damania & Varaiya**  
Chartered Accountants  
Firm's registration No.: 102079W

Place: Mumbai  
Date : May 25, 2018

**Bharat Jain**  
Partner  
Membership No.: 100583

**BALANCE SHEET**

As at March 31, 2018

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	5	55,993.76	59,366.61
(b) Capital work-in-progress		1,740.23	376.25
(c) Other Intangible assets	6	997.01	1,502.41
(d) Financial Assets			
(i) Investments	7	18,292.47	31,880.88
(ii) Trade receivables	8	-	-
(iii) Loans	9	332.67	328.94
(iv) Other financial assets	10	344.10	350.26
(e) Other non-current assets	11	426.08	330.76
<b>Total non current assets</b>		<b>78,126.32</b>	<b>94,136.11</b>
<b>Current assets</b>			
(a) Inventories	12	17,581.44	15,995.57
(b) Financial Assets			
(i) Investments	13	38,376.60	22,496.16
(ii) Trade receivables	14	30,054.05	26,509.52
(iii) Cash and bank balance	15	1,495.33	719.71
(iv) Loans	16	20.60	44.32
(v) Others	17	73.83	73.91
(c) Current Tax Assets (Net)	18	806.28	-
(d) Other current assets	19	10,131.15	8,461.97
<b>Total current assets</b>		<b>98,539.28</b>	<b>74,301.16</b>
<b>Total Assets</b>		<b>176,665.60</b>	<b>168,437.27</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	20	1,671.40	1,696.40
(b) Other Equity	21	143,667.41	137,089.73
<b>Total Equity</b>		<b>145,338.81</b>	<b>138,786.13</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Provisions	22	967.36	888.01
(b) Deferred tax liabilities (Net)	23	4,970.15	2,895.35
(c) Other non-current liabilities	24	360.01	395.48
<b>Total non current Liabilities</b>		<b>6,297.52</b>	<b>4,178.84</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	25	2,847.62	4,886.03
(ii) Trade payables	26	10,022.10	7,903.47
(iii) Other financial liabilities	27	10,119.56	10,977.95
(b) Other current liabilities	28	1,148.76	830.07
(c) Provisions	29	891.23	787.39
(d) Current Tax Liabilities (Net)	30	-	87.39
<b>Total Current Liabilities</b>		<b>25,029.27</b>	<b>25,472.30</b>
<b>Total Equity and Liabilities</b>		<b>176,665.60</b>	<b>168,437.27</b>

See accompanying notes to the financial statements

As per our report of even date

For Damania &amp; Varaiya

Chartered Accountants

Firm Registration No. 102079W

Bharat Jain

Partner

Membership No. 100583

Place: Mumbai

Date : May 25, 2018

For and on behalf of the Board of Directors

J. B. Mody

Chairman &amp; Managing Director

S. B. Mody

Whole time Director (Marketing)

Place: Mumbai

Date : May 25, 2018

D. B. Mody

Whole time Director (Administration)

Vijay D. Bhatt

Chief Financial Officer

M. C. Mehta

Company Secretary

**PROFIT AND LOSS STATEMENT**

For the year ended on March 31, 2018

(₹ in lakhs)

Particulars	Note No.	2017-18	2016-17
<b>INCOME</b>			
<b>I Revenue From Operations</b>	31	<b>125,473.42</b>	119,869.42
<b>II Other Income</b>	32	<b>3,525.53</b>	4,589.03
<b>III Total Income (I+II)</b>		<b>128,998.95</b>	124,458.45
<b>IV EXPENSES</b>			
Cost of materials consumed	33	<b>38,701.68</b>	36,709.36
Purchases of stock-in-trade		<b>9,304.46</b>	9,624.47
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	<b>(38.81)</b>	(1,805.26)
Employee benefits expense	35	<b>21,730.93</b>	18,786.11
Finance costs	36	<b>341.36</b>	500.13
Depreciation and amortization expense	5,6	<b>5,594.85</b>	4,626.42
Other expenses	37	<b>35,460.18</b>	34,338.86
<b>Total expenses</b>		<b>111,094.65</b>	102,780.09
<b>V Profit before tax (III-IV)</b>		<b>17,904.30</b>	21,678.36
<b>VI Tax expense:</b>	30		
Current tax		<b>4,665.00</b>	4,550.00
MAT credit entitelment		-	(1,572.00)
Deferred tax		<b>278.44</b>	1,403.90
Earlier years tax		<b>160.72</b>	-
<b>VII Profit for the year (V-VI)</b>		<b>12,800.14</b>	17,296.46
<b>VIII Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement of the defined benefit plan		<b>(369.51)</b>	(413.55)
Income tax on above		<b>127.88</b>	143.12
<b>Total other comprehensive income</b>		<b>(241.63)</b>	(270.43)
<b>IX Total Comprehensive Income for the year(VII+VIII)</b>		<b>12,558.51</b>	17,026.03
<b>X Earnings per equity share</b>	47		
Basic		<b>15.24</b>	20.39
Diluted		<b>15.24</b>	20.39

**See accompanying notes to the financial statements****As per our report of even date**

**For Damania & Varaiya**  
Chartered Accountants  
Firm Registration No. 102079W

**Bharat Jain**

Partner  
Membership No. 100583

Place: Mumbai

Date : May 25, 2018

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

**J. B. Mody**  
Chairman & Managing Director

**S. B. Mody**  
Whole time Director (Marketing)

Place: Mumbai  
Date : May 25, 2018

**D. B. Mody**  
Whole time Director (Administration)

**Vijay D. Bhatt**  
Chief Financial Officer

**M. C. Mehta**  
Company Secretary

**CASH FLOW STATEMENT**

For the year ended on March 31, 2018

(₹ in lakhs)

Particulars	2017-18		2016-17	
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before Tax		17,904.30		21,678.36
Adjustment For:				
Depreciation	5,594.85		4,626.42	
Foreign Exchange Fluctuation (Net)	(664.36)		858.98	
Interest Expense	305.93		262.94	
(Profit)/ Loss on Sale/Discard of Assets (Net)	(190.84)		(183.92)	
Profit on sale of Investment designated as FVTPL	(4,322.41)		(4,436.49)	
Net (Gain)/Loss arising from Financial instruments designated as FVTPL	1,696.04		361.65	
Interest Income	(88.15)		(88.99)	
Dividend Income	(20.00)		–	
Re-measurement of the defined benefit plan	(369.51)		(413.55)	
Excess provision written back	(537.14)		(230.28)	
Provision for Doubtful debts written back	(63.03)		(11.00)	
Provision for Doubtful debts/ Bad debts	219.48		255.65	
		1,560.86		1,001.41
<b>Operating Profit Before Working Capital Changes</b>		19,465.16		22,679.77
Adjustment For:				
Trade and Other Receivables	(4,956.12)		1,291.49	
Inventories	(1,585.87)		(2,666.26)	
Trade Payable	2,471.66		1,344.96	
		(4,070.33)		(29.81)
Cash Generated From Operations		15,394.83		22,649.96
Direct Taxes Paid (net)		(3,795.15)		(4,891.50)
Net Cash from Operating Activities		11,599.68		17,758.46
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(3,533.65)		(15,521.18)	
Sale of Fixed Assets	643.91		257.80	
Purchase of Investment	(42,006.00)		(18,345.00)	
Sale of Investment	42,340.34		29,209.34	
Net investment in Bank deposit having maturity of more than 3 months	8.43		(9.58)	
(Increase)/Decrease in other bank balances	27.71		63.48	
Interest Received	89.22		100.10	
Dividend Received	20.00		–	
Net Cash used in Investing Activities		(2,410.04)		(4,245.04)

**CASH FLOW STATEMENT (Contd.)**

For the year ended on March 31, 2018

(₹ in lakhs)

Particulars	2017-18		2016-17	
<b>C. Cash Flow from Financing Activities</b>				
Buy back of shares	(5,000.00)		-	
Proceeds/(Repayment) from/of Short Term Borrowing (Net)	395.00		(15,641.46)	
Interest Paid	(305.93)		(268.98)	
Dividend Paid (Including Dividend Distribution Tax)	(1,033.54)		(573.92)	
Net Cash Used in Financing Activities		(5,944.47)		(16,484.36)
Net Increase in Cash and Cash Equivalents		3,245.17		(2,970.94)
Cash And Cash Equivalents as at 01.04.17*	(2,536.25)		434.69	
Cash And Cash Equivalents as at 31.03.18*	708.92	3,245.17	(2,536.25)	(2,970.94)

\*Cash and Cash Equivalents comprises the following

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks	730.69	466.48
Cheques on hand	102.00	-
Cash on hand	24.00	18.45
Post Office Saving Account	0.60	0.60
Fixed Deposits with maturity of less than 3 months	440.00	-
	1,297.29	485.53
Less : Bank Overdraft	588.37	3,021.78
Cash and Cash Equivalents	708.92	(2,536.25)

Note: The cash flow statement is prepared using the "Indirect method" set out in Ind AS 7 - "Statement of Cash Flows".

**As per our report of even date****For Damania & Varaiya**Chartered Accountants  
Firm Registration No. 102079W**Bharat Jain**Partner  
Membership No. 100583Place: Mumbai  
Date : May 25, 2018**For and on behalf of the Board of Directors****J. B. Mody**

Chairman &amp; Managing Director

**S. B. Mody**

Whole time Director (Marketing)

Place: Mumbai  
Date : May 25, 2018**D. B. Mody**

Whole time Director (Administration)

**Vijay D. Bhatt**

Chief Financial Officer

**M. C. Mehta**

Company Secretary

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018

### 1. GENERAL INFORMATION

J. B. Chemicals & Pharmaceuticals Limited (the Company) is a public limited company incorporated in India (CIN: L24390MH1976PLC019380) having its registered office in Mumbai. The Company is engaged in the business of manufacture and marketing of diverse range of pharmaceuticals formulations, herbal remedies and APIs.

These standalone financial statements for the year ended March 31, 2018 were approved for the issue by the Board of Directors vide their resolution dated May 25, 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2016 and the other relevant provisions of the Act and Rules thereunder.

The financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

#### 2.2. FUNCTIONAL AND PRESENTATION CURRENCY AND ROUNDING OFF OF THE AMOUNTS:

The Functional and presentation currency of the Company is Indian rupees. Accordingly, all amounts disclosed in the financial statements and notes have been shown in Indian rupees and all values are shown in lakhs and rounded to two decimals except when otherwise indicated.

#### 2.3. CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

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

All other assets are classified as non-current.

All liabilities are current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

#### 2.4. 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, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment including excise duty collected which flows to the Company on its own account but excluding taxes or duties collected on behalf of the government.

The Company follows specific recognition criteria as described below before the revenue is recognized.

##### • Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

##### • Export of Product Development Service

Revenue from export of product development service is recognized upon by reference to the stage of completion of service and the amount of revenue can be measured reliably.

##### • Other Operating Revenue

Other operating revenue comprises of following items:

- Manufacturing charges
- Export incentives
- Sale of scrap

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Revenue from manufacturing charges is recognized on completion of contractual obligation of manufacturing and delivery of product manufactured.

Revenue from export incentives are recognized upon adherence to the compliance as may be prescribed with regard to export and / or realization of export proceeds as per foreign trade policy and its related guidelines.

Revenue from sale of scrap is recognized on delivery of scrap items.

- **Other Income**

Other income comprises of interest income, dividend from investment and profits on redemption of investments and mark to market gain/loss on the investments which are held on the Balance Sheet date.

Interest income from financial assets is recognized when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to the principal outstanding and at the effective rate applicable, which is the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably).

Profit/loss on redemption of investment is recognized by upon exercise of power by the company to redeem the investment held in any particular security / instrument (non-current as well as current investment).

**2.5. FOREIGN CURRENCY TRANSACTION:**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year end translation of assets and liabilities are recognized in the Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or Statement of Profit and Loss are also recognized in OCI or Statement of Profit and Loss, respectively).

**2.6. GOVERNMENT GRANTS:**

Monetary government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The grant related to an expense item is recognized as income in the year in which it is received. The grant related to an asset in the form of EPCG License is recognized in the balance sheet as deferred income and is transferred to Statement of Profit and Loss in equal amounts over the periods during which obligation attached to the License is to be fulfilled. Grant in the form of cash benefit is recognized in the Balance Sheet as deferred income and it is transferred to Statement of Profit and Loss over the useful life of the concerned asset.

**2.7. EMPLOYEE BENEFITS:****Short Term and Other Long Term Employee Benefits:**

A liability is recognised for benefits accruing to employees in respect of short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

A liability is recognised for benefits accruing to employees in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

**Long Term Employee Benefits:**

- **Defined Contribution Plan:**

Payments to defined contributions retirement benefit plans are recognized as an expense when

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

employees have rendered the service entitling them to the contributions.

- **Defined Benefit Plan:**

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at end of each annual reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable), and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss in subsequent periods. Past service cost is recognized in profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or assets. Defined benefit costs are categorized as follows:

- Service Cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement.

The Company presents the first two components defined benefit cost in Statement of Profit and loss in the line items "Employee Benefit Expenses" and "Finance Cost" respectively. Curtailment gain and losses are accounted for as past service cost.

The retirement benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

## 2.8. TAX EXPENSES:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the statement of profit and loss, except to the extent that it relates to the items recognised in the comprehensive income or in Equity. In which case, the tax is also recognised in the comprehensive income or in Equity.

### **Current tax:**

Current tax payable is calculated based on taxable profit for the year. Current tax is recognized based on the

amount expected to be paid to or recovered from the tax authorities based on applicable tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Current and deferred tax for the year are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

### **Minimum Alternate Tax (MAT) Credit:**

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

## 2.9. PROPERTY, PLANT AND EQUIPMENT:

Freehold Land is stated at historical cost.

Premium paid for the leasehold land is amortized over the lease period.

All other items of property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in the statement of profit and loss account as and when incurred.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital work- in- progress.

Cost of the assets less its residual value (estimated at 5% of the cost) is depreciated over its useful life. Depreciation is calculated on a straight line basis over the useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

**2.10. INTANGIBLE ASSETS:**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles are not capitalized and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets other than Product Dossiers are amortized on a straight line basis over a period of 3 years. The useful lives of intangible assets like Product Dossiers are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and

the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**2.11. BORROWING COST:**

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the statement of profit and loss account in the year in which they are incurred.

**2.12. IMPAIRMENT OF ASSETS:**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**2.13. INVENTORIES:**

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Average method. The cost of work in progress (other than those lying at third party manufacturing site which is valued at material cost) and finished goods comprise direct material, direct labour and other direct cost and related production overheads.

**2.14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions are recognized when the company has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**Contingent liability:**

Contingent liability is disclosed in the case:

- When there is a possible obligation which could arise from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- A present obligation that arises from past events but is not recognized as expense because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

**Commitments:**

- Commitments include the value of the contracts for the acquisition of the assets net of advances.

**Contingent asset:**

- Contingent asset is disclosed in case a possible asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**2.15. LEASES:**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is considered as a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

**2.16. FINANCIAL INSTRUMENTS:**

The Company recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

**I. Financial Assets:****Initial recognition and measurement:**

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****Subsequent measurement:**

For subsequent measurement, the Company classifies financial asset in following broad categories:

- Financial asset carried at amortized cost.
- Financial asset carried at fair value through other comprehensive income (FVTOCI).
- Financial asset carried at fair value through profit or loss (FVTPL).

Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the statement of profit and loss. Cash and bank balances, trade receivables, loans and other financial asset of the company are covered under this category.

Under the EIR method, the future cash receipts are exactly discounted to the initial recognition value using EIR. The cumulative amortization using the EIR method of the difference between the initial recognition amount and maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at amortized cost at each reporting date. The corresponding effect of the amortization under EIR method is recognized as interest income over the relevant period of the financial asset. The same is included under "other income" in the statement of profit and loss. The amortized cost of the financial asset is also adjusted for loss allowance, if any.

**Financial asset carried at FVTOCI:**

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

**Financial asset carried at FVTPL:**

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the statement of profit and loss.

**Investment in subsidiaries:**

The Company has accounted for its investments in subsidiaries at cost.

**Other Equity Investments:**

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss.

**Derecognition:**

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Company has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

**Impairment of financial asset:**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12 months ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

**II. Financial liabilities:****Initial recognition and measurement:**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**Subsequent measurement:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance costs in the statement of profit and loss.

**Derecognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as

the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**III. Derivative financial instrument:**

Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency fluctuation risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of heading instrument is recognized in the statement of profit or loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**Derecognition:**

On derecognition of hedged item, the unamortized fair value, of the hedging instrument adjusted to the hedged items is recognized in the statement of profit and loss.

**2.17. FAIR VALUE:**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs that are unobservable for the asset or liability.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.18. EMPLOYEE STOCK OPTION PLAN:**

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under “Employee Stock Option Scheme” (ESOP) of the Company is amortized on straight line basis over the vesting period as “Deferred Employee Compensation”.

**2.19. RESEARCH AND DEVELOPMENT EXPENDITURE:**

Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred. Capital expenditure on research and development is treated as fixed assets.

**2.20. CASH AND CASH EQUIVALENT:**

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.21. CASH FLOW STATEMENTS:**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of Company is segregated.

**3. STANDARDS ISSUED BUT NOT YET EFFECTIVE:**

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 1, 2018.

**3.1 Issue of Ind AS 115 - Revenue from Contracts with Customers**

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts and the related interpretations. Ind AS 115 provides a single model

of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

**3.2 Amendment to Existing issued Ind AS**

The MCA has also carried out amendments of the following accounting standards:

- i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
- ii. Ind AS 40 - Investment Property
- iii. Ind AS 12 - Income Taxes
- iv. Ind AS 28 - Investments in Associates and Joint Ventures and
- v. Ind AS 112 - Disclosure of Interests in Other Entities

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

**4. KEY ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS:**

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company evaluates these estimates and assumptions based on the most recently available information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a) Income taxes and Deferred tax assets:**

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The management assumes that taxable profit will be available while recognizing the deferred tax assets.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****b) Property, Plant and Equipment:**

Property, Plant and Equipment represents a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life as prescribed in the Schedule II of the Companies Act, 2013 and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**c) Intangible assets:**

Internal technical or user team assesses the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

**d) Impairment of non-financial assets:**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

**e) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default

and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**f) Recognition and measurement of defined benefit obligation:**

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

**g) Recognition and measurement of other provisions:**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

**h) Contingencies:**

Management Judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against Company as it is not possible to predict the outcome of pending matters with accuracy.

**i) Allowances for uncollected trade receivable and advances:**

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated amounts which are irrecoverable. Individual trade receivables are written off when management deems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 5. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciaion				Net Block		
	As at April 1, 2017	Additions	Disposals	As at March 31, 2018	As at April 1, 2017	Depreciation charge for the year	On disposals	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Land (Freehold)	57.16	-	-	57.16	-	-	-	-	57.16	57.16
Land (Leasehold)	1,423.20	-	-	1,423.20	114.41	15.22	-	129.63	1,293.57	1,308.79
Factory Buildings	20,774.91	184.06	-	20,958.97	4,396.93	630.97	-	5,027.90	15,931.07	16,377.98
Other Buildings (Note 1)	5,816.86	-	-	5,816.86	324.81	94.28	-	419.09	5,397.77	5,492.05
Plant & Equipments	51,365.62	1,088.78	-	52,454.40	24,274.72	3,674.02	-	27,948.74	24,505.66	27,090.90
Furniture & Fixtures	3,199.56	40.69	-	3,240.25	1,067.11	231.89	-	1,299.00	1,941.25	2,132.45
Vehicles	1,087.30	312.11	150.69	1,248.72	580.85	123.20	124.64	579.41	669.31	506.45
Office Equipments	2,974.68	436.51	-	3,411.19	2,106.96	299.89	-	2,406.85	1,004.34	867.72
Airconditioners	7,306.89	95.71	-	7,402.60	1,773.78	435.19	-	2,208.97	5,193.63	5,533.11
<b>Total</b>	<b>94,006.18</b>	<b>2,157.86</b>	<b>150.69</b>	<b>96,013.35</b>	<b>34,639.57</b>	<b>5,504.66</b>	<b>124.64</b>	<b>40,019.59</b>	<b>55,993.76</b>	<b>59,366.61</b>
Previous year	67,080.44	27,160.70	234.96	94,006.18	30,283.50	4,517.13	161.06	34,639.57	59,366.61	36,796.94

## 6. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Gross Block			Accumulated Amortisation				Net Block		
	As at April 1, 2017	Additions	Deductions	As at March 31, 2018	As at April 1, 2017	Amortisation for the year	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Trade Marks	3.67	-	-	3.67	3.66	-	-	3.66	0.01	0.01
Computer Software	1,034.22	11.81	-	1,046.03	864.12	90.19	-	954.31	91.72	170.10
Product Dossier	1,332.30	-	427.02	905.28	-	-	-	-	905.28	1,332.30
<b>Total</b>	<b>2,370.19</b>	<b>11.81</b>	<b>427.02</b>	<b>1,954.98</b>	<b>867.78</b>	<b>90.19</b>	<b>-</b>	<b>957.97</b>	<b>997.01</b>	<b>1,502.41</b>
Previous year	896.94	1,473.25	-	2,370.19	758.49	109.29	-	867.78	1,502.41	138.45

Note :

- Value of buildings includes a sum of ₹ 3000/- being the cost of shares in the societies.
- No depreciation has been claimed on assets to the extent of cenvat/GST claimed.

## 7. NON CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>A. Investment in Equity Instruments (unquoted)</b>		
i) In Subsidiary Companies : (At cost)		
Investment in OOO Unique Pharmaceutical Laboratories - Russia (No. of shares are not denominated as per Law of Russian Federation )	<b>3,881.92</b>	3,881.92
51,885,000(Previous year 51,885,000) Ordinary Shares of AED 1 each of Unique Pharamaceutical Laboratories FZE, Dubai	<b>9,414.76</b>	9,414.76
<b>Total</b>	<b>13,296.68</b>	13,296.68
ii) In Other Companies : (At Fair Value through Profit & Loss)		
5,866 (Previous year 5,866) Equity Shares of ₹ 10/- each of Bharuch Enviro Infrastructure Ltd.	<b>0.59</b>	0.59
612,032 (Previous year 612,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech Ltd.	<b>61.20</b>	61.20
20,000 (Previous year 20,000) Equity Shares of ₹ 10/- each of Enviro Technology Ltd.	<b>2.00</b>	2.00

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
60,000 (Previous year 60,000) Equity Shares of ₹ 10/- each of Panoli Enviro Technology Ltd.	6.00	6.00
50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each of Ankleshwar Research & Analytical Infrastructure Limited	5.00	5.00
2,000,000 (Previous year 2,000,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	935.18	828.56
<b>Total</b>	<b>1,009.97</b>	903.35
<b>Total Investment in Equity Instruments</b>	<b>14,306.65</b>	14,200.03
<b>B. In Government Securities : Unquoted (At amortised cost):</b>		
National Saving Certificates	0.29	0.29
<b>Total</b>	<b>0.29</b>	0.29
<b>C. In Mutual Funds : Quoted (At fair value through Profit &amp; Loss)</b>		
Nil (Previous year 17,000,000) units of ₹ 10/- each of HDFC FMP 371 D July 2013(1) Growth	-	2,322.00
Nil (Previous year 15,000,000) units of ₹ 10/- each of Birla Sun Life Interval Income Fund-Annual Plan IX (368 Days)- Growth	-	2,027.40
Nil (Previous year 10,000,000) units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series HL (366 Days)- Growth	-	1,371.11
Nil (Previous year 10,000,000) units of ₹ 10/- each of HDFC FMP 370D August 2013 (3)- Growth	-	1,370.84
Nil (Previous year 5,000,000) units of ₹ 10/- each of HDFC FMP 370D February 2014 (1)- Growth	-	649.13
Nil (Previous year 5,400,000) units of ₹ 10/- each of DSP Black Rock FMP - Series 146 - 12M - Growth	-	701.84
Nil (Previous year 5,000,000) units of ₹ 10/- each of HDFC FMP 369D February 2014 (2)- Growth	-	649.05
Nil (Previous year 5,000,000) units of ₹ 10/- each of HDFC FMP 371D February 2014 (2)- Growth	-	647.10
10,000,000 (Previous year 10,000,000) units of ₹ 10/- each of HDFC FMP 370D March 2014 (1)- Growth	1,381.46	1,293.67
Nil (Previous year 10,000,000) units of ₹ 10/- each of ICICI Prudential FMP Series 73-366 D-Growth	-	1,288.12
Nil (Previous year 10,000,000) units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series KN (366 Days)- Growth	-	1,287.19
Nil (Previous year 16,366,200) units of ₹ 10/- each of IDFC Fixed Term Plan Series 85-369D Growth	-	2,095.64
Nil (Previous year 10,000,000) units of ₹ 10/- each of ICICI Prudential FMP Series 73-368 D-Plan M Growth	-	1,277.76
Nil (Previous year 5,500,000) units of ₹ 10/- each of DSP Black Rock FMP Series 161-12 Month Growth	-	699.71
10,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 210-36 M-Direct- Growth	1,064.25	-
5,000,000(Previous year Nil) units of ₹ 10/- each of HDFC FMP 1165D April 2017 (1)-Direct Growth-Series 38	533.20	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
2,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 221-40M- Regular- Growth	202.64	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 223-39M- Regular- Growth	201.80	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 226-39M- Regular- Growth	200.73	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of IDFC Fixed Term Plan Series 144-1144Day- Growth	200.76	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of HDFC FMP 1147 Days March 2018 (1) series 39 Direct- Growth	200.69	-
<b>Total</b>	<b>3,985.53</b>	17,680.56
<b>Total Non current Investment</b>	<b>18,292.47</b>	31,880.88
Aggregate amount of quoted investments - At Cost	3,500.00	13,426.62
Aggregate amount of quoted investments - At Market Value	3,985.53	17,680.56
Aggregate amount of unquoted investments	14,306.94	14,200.32
<b>Category-wise Non current investment</b>		
Financial assets carried at cost	13,296.68	13,296.68
Financial assets measured at fair value through Profit & Loss	4,995.50	18,583.91
Financial assets carried at amortised cost	0.29	0.29

## 8. NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured Considered Doubtful	10.04	10.04
Less: Provision for Doubtful Debts	10.04	10.04
<b>Total</b>	<b>-</b>	<b>-</b>

## 9. NON CURRENT FINANCIAL ASSETS - LOANS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Loans to Employees	19.87	30.43
Security Deposits for leased premises	312.80	298.51
<b>Total</b>	<b>332.67</b>	328.94

## 10. NON CURRENT FINANCIAL ASSETS - OTHERS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Other Security Deposits	328.99	329.48
Fixed Deposit having maturity more than 12 months #	15.11	20.78
# Includes ₹ Nil (Previous year ₹ 7.60 lakhs) held as security against bank guarantee		
<b>Total</b>	<b>344.10</b>	350.26

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****11. NON CURRENT ASSETS - OTHERS**

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Advances	337.97	263.91
Prepaid Expenses	51.85	16.63
Prepaid Lease Rent	36.26	50.22
<b>Total</b>	<b>426.08</b>	330.76

**12. CURRENT ASSETS - INVENTORIES**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials (Stock-in-transit ₹ 935.22, Previous year ₹ Nil)	6,498.13	5,274.99
Packing Materials	2,366.85	2,029.79
Work-in-progress	1,981.00	1,414.03
Finished goods (Stock-in-transit ₹ 375.31, Previous year ₹ 203.60)	5,500.33	5,962.38
Stock-in-trade	1,210.29	1,276.40
Fuel	24.84	37.98
	<b>17,581.44</b>	15,995.57

The write down of inventories to net realisable value during the year amounted to ₹ 76.23 lakhs (Previous year ₹ Nil). The write downs are included in changes in inventories of finished goods

**13. CURRENT FINANCIAL ASSETS - INVESTMENT**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>In Mutual Funds : Quoted (At fair value through Profit &amp; Loss)</b>		
7,381,837.65(Previous year 7,381,837.65) units of ₹ 10/- each of Birla Sun Life Dynamic Bond Fund-Retail- Growth	2,213.26	2,143.24
6,628,677.94 (Previous year 6,628,677.94 ) units of ₹ 10/- each of Birla Sun life Short Term Fund- Growth	4,404.54	4,127.80
9,600,000 (Previous year 9,600,000) units of ₹ 10/- each of HDFC Short Term Opportunities Fund- Growth	1,840.77	1,726.84
112,584.469 (Previous year 112,584.469) units of ₹ 1,000/- each of DSP Black Rock strategic bond- Institutional Plan- Growth	2,274.35	2,206.82
14,960,414.311 (Previous year 14,960,414.311) units of ₹ 10/- each of HDFC Medium Term Opportunities Fund Post Growth	2,888.99	2,708.96
1,258,152.830 (Previous year 1,258,152.830) units of ₹ 10/- each of Birla Sun Life Treasury Optimiser Plan Growth	2,787.64	2,619.31
671,214.160 (Previous year 671,214.160) units of ₹ 10/- each of HDFC Balanced Fund Growth	978.66	879.75
614,895.941 (Previous year 614,895.941) units of ₹ 10/- each of ICICI Prudential Balanced Fund Growth	768.01	702.58

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
562,478.145 (Previous year 562,478.145) units of ₹ 10/- each of Franklin India Balanced Fund Growth	631.87	586.45
14,217,069.097(Previous year 4,066,953.677) units of ₹ 10/- each of HDFC Medium Term Opportunities Fund Direct Growth	2,759.21	739.27
11,225,181.561(Previous year 3,631,279.845) units of ₹ 10/- each of ICICI Prudential Income Opportunities Fund Direct Growth	2,779.35	847.04
1,192,242.539 (Previous year 401,795.826 ) units of ₹ 10/- each of Birla Treasury Optimizer Fund Direct Growth	2,676.86	845.15
21,310,563.677 (Previous year 12,249,128.427 ) units of ₹ 10/- each of IDFC Corporate Bond Fund Direct Growth	2,550.94	1,373.85
485,440.146 (Previous year 485,440.146 ) units of ₹ 10/- each of DSP Black Rock Balance Fund- Growth	691.43	637.69
1,692,906.721 (Previous year 1,692,906.721 ) units of ₹ 10/- each of ICICI Prudential Long Term Fund Direct Growth	376.46	351.41
42,693.24 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock Liquidity Fund Growth	1,061.06	-
18,565,450.072(Previous year Nil) units of ₹ 10/- each of HDFC Banking and PSU Debt Fund- Growth	2,634.17	-
7,434,577.867(Previous year Nil) units of ₹ 10/- each of ICICI Banking and PSU Debt Fund- Growth	1,485.28	-
4,519,447.180(Previous year Nil) units of ₹ 10/- each of DSP Black Rock Bond Fund- Growth	2,573.75	-
<b>Total</b>	<b>38,376.60</b>	22,496.16
Aggregate amount of quoted investments - At Cost	31,793.22	17,878.52
Aggregate amount of quoted investments - At Market Value	38,376.60	22,496.16

**14. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**

(Unsecured, considered good unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Considered Good	30,368.05	26,697.52
Less: Allowance as per expected credit loss model	314.00	188.00
	30,054.05	26,509.52
Considered Doubtful	19.28	69.21
Less : provision for Doubtful Debts	19.28	69.21
	-	-
<b>Total</b>	<b>30,054.05</b>	26,509.52

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 15. CURRENT FINANCIAL ASSETS - CASH AND BANK BALANCE

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalents</b>		
Balances with banks	730.69	466.48
Cheques on hand	102.00	–
Cash on hand	24.00	18.45
Post Office Saving Account	0.60	0.60
Fixed Deposits with maturity of less than 3 months	440.00	–
	<b>1,297.29</b>	<b>485.53</b>
<b>Other Bank balance</b>		
Unclaimed Dividend A/cs *	196.89	224.60
Fixed Deposits with maturity of more than 3 months but less than 12 months	1.15	9.58
	<b>198.04</b>	<b>234.18</b>
<b>Total</b>	<b>1,495.33</b>	<b>719.71</b>

\* The amount is to be utilised towards settlement of respective unpaid dividends.

## 16. CURRENT FINANCIAL ASSETS - LOANS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Loans & Advances to Employees	20.60	44.32
<b>Total</b>	<b>20.60</b>	<b>44.32</b>

## 17. CURRENT FINANCIAL ASSETS - OTHERS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Security Deposits	67.01	64.83
Other Advances	1.99	3.18
Accrued interest on Deposits	4.83	5.90
<b>Total</b>	<b>73.83</b>	<b>73.91</b>

## 18. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Taxes Paid	46,944.36	–
Less: Provision for taxes	46,138.08	–
<b>Total</b>	<b>806.28</b>	<b>–</b>

## 19. CURRENT ASSETS - OTHERS

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advances to Suppliers	1,015.23	420.89
Prepaid Expenses	531.99	453.66
Lease rent-deferred	21.86	21.66
Balance/Recoverable with/from Government Authorities	8,215.18	6,824.07
Other receivables	346.89	741.69
<b>Total</b>	<b>10,131.15</b>	<b>8,461.97</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 20. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Authorised</b>		
101,500,000 (Previous year 101,500,000) Equity Shares of ₹ 2/- each	2,030.00	2,030.00
<b>Issued, Subscribed &amp; Fully Paid up</b>		
83,569,975 (Previous year 84,819,975) Equity Shares of ₹ 2/- each	1,671.40	1,696.40

## Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	₹ in lakhs	Number	₹ in lakhs
Shares Outstanding at the beginning of the year	84,819,975	1,696.40	84,819,975	1,696.40
Less : Buy-back of shares	1,250,000	25.00	-	-
Shares outstanding at the year end	83,569,975	1,671.40	84,819,975	1,696.40

The Company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions.

## Buy-back of Equity Shares

The Board of Directors, at its meeting held on May 23, 2017, approved a proposal for the Company to buy-back its fully paid-up equity shares of face value of ₹ 2/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹ 5,000 lakhs, representing 3.85% of the paid up equity share capital and free reserves (including securities premium account) as per audited standalone financial statement of the Company as at March 31, 2017 and was within the statutory limit applicable for buy-back with authority of Board of Directors. The Buy-back offer comprised a purchase of 1,250,000 equity shares representing 1.47% of the paid up equity shares of the Company at a price of ₹ 400/- per Equity share. The buy-back was offered to all eligible equity shareholders of the Company as on the Record Date (i.e June 2, 2017) on a proportionate basis through the "Tender offer" route. The Company completed the buy-back on July 25, 2017 and 1,250,000 equity shares were extinguished on July 27, 2017. The Company has funded the buy-back from its general reserve. In accordance with Section 69 of the Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of ₹ 25 lakhs equal to the nominal value of the shares bought back as an appropriation from general reserve.

Details of Shareholders holding more than 5% shares.

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No of Shares	% of Holding	No of Shares	% of Holding
Jyotindra B. Mody	5,300,518	6.34	5,371,905	6.33
Dinesh Bhagwanlal Mody	4,675,950	5.60	4,738,932	5.59
Shirish Bhagwanlal Mody	4,989,120	5.97	5,056,312	5.96
Kumud Dinesh Mody	4,775,627	5.71	4,839,984	5.71
Bharati S. Mody	4,897,050	5.86	4,963,002	5.85
Pallavi Bharat Mehta	5,132,089	6.14	5,201,207	6.13
Pranabh Dinesh Mody	4,874,523	5.83	4,940,172	5.82
Nirav Shirish Mody	4,918,735	5.89	4,984,979	5.88

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 21. OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves and Surplus								Other Comprehensive Income-remeasurement of net defined benefit plan	Total Other Equity
	Capital Reserves (transferred from amalgamating company)		Other Reserves							
	Investment allowance Reserve (utilised)	Capital Reserve	Capital Reserve	Contingency Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
Balance as on April 1, 2016	34.86	63.53	4.21	2,020.00	4,946.15	-	48,548.06	64,988.31	(30.98)	120,574.14
Profit for the year	-	-	-	-	-	-	-	17,296.46	-	17,296.46
Dividend including Dividend Distribution tax	-	-	-	-	-	-	-	(510.44)	-	(510.44)
Re-measurement of the defined benefit plan net of deferred tax	-	-	-	-	-	-	-	-	(270.43)	(270.43)
<b>Balance as on March 31, 2017</b>	<b>34.86</b>	<b>63.53</b>	<b>4.21</b>	<b>2,020.00</b>	<b>4,946.15</b>	<b>-</b>	<b>48,548.06</b>	<b>81,774.33</b>	<b>(301.41)</b>	<b>137,089.73</b>
Profit for the year	-	-	-	-	-	-	-	12,800.14	-	12,800.14
Dividend including Dividend Distribution Tax	-	-	-	-	-	-	-	(1,005.83)	-	(1,005.83)
Transfer to Capital Redemption Reserve on buy-back of shares	-	-	-	-	-	-	(25.00)	-	-	(25.00)
Transfer from General Reserve on buy-back of shares	-	-	-	-	-	25.00	-	-	-	25.00
Re-measurement of the defined benefit plan net of deferred tax	-	-	-	-	-	-	-	-	(241.63)	(241.63)
Buy-back of shares	-	-	-	-	-	-	(4,975.00)	-	-	(4,975.00)
<b>Balance as on March 31, 2018</b>	<b>34.86</b>	<b>63.53</b>	<b>4.21</b>	<b>2,020.00</b>	<b>4,946.15</b>	<b>25.00</b>	<b>43,548.06</b>	<b>93,568.64</b>	<b>(543.04)</b>	<b>143,667.41</b>

## Nature and purpose of reserves

**A. Capital Reserves (transferred from amalgamating company)**

This Reserve was created on amalgamation of J. B. Chemicals and Pharmaceuticals Pvt. Ltd. with this Company w.e.f. April 1, 1984 (appointed date).

**B. Capital Reserve**

Arose pursuant to forfeiture and reissue of shares.

**C. Contingency Reserve**

This Reserve has been created out of retained earnings, as a matter of prudence, to take care of any unforeseen adverse contingencies.

**D. Securities Premium Reserve**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as Securities Premium Reserve.

**E. Capital Redemption Reserve**

Transfer from General Reserve on account of buy back of shares as per Section 69 of the Companies Act, 2013.

**F. General Reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to General Reserve is not required under the Companies Act, 2013.

**G. Retained Earnings**

Retained Earnings are the profits that the Company has earned till date, less any transfer to General Reserve, dividends or other distribution paid to shareholders.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 22. NON CURRENT LIABILITIES - PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Provision for Employee Benefits</b>		
Gratuity	422.28	398.05
Leave Encashment	545.08	489.96
<b>Total</b>	<b>967.36</b>	888.01

## 23. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Deferred Tax Liability</b>		
Depreciation	5,038.42	4,400.23
Fair Valuation of Mutual Fund	1,630.93	2,046.85
Fair Valuation of Equity shares	169.62	145.02
	<b>6,838.97</b>	6,592.10
<b>Deferred Tax Assets</b>		
Retirement Benefits	750.53	681.09
MAT credit entitlement	999.47	2,923.71
Others	118.82	91.95
	<b>1,868.82</b>	3,696.75
<b>Total</b>	<b>4,970.15</b>	2,895.35

## 24. NON CURRENT LIABILITIES - OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Government Grant	360.01	395.48
<b>Total</b>	<b>360.01</b>	395.48

Government grant has been received for the purpose of purchase of certain items of Property, Plant & Equipment. The condition against which the grant is received is the export obligation to be fulfilled within certain specified period. (refer note no. 38)

## 25. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured (At amortised cost)#</b>		
Bank Overdraft	588.37	3,021.78
Working Capital Demand Loan	2,000.00	1,500.00
	<b>2,588.37</b>	4,521.78
<b>Unsecured (At amortised cost)</b>		
Deposit from Distributors / Customers	259.25	259.25
Inter Corporate Deposits from related parties	–	105.00
	<b>259.25</b>	364.25
<b>Total</b>	<b>2,847.62</b>	4,886.03

# Working capital borrowings from the banks are secured by first pari passu charge on the stocks and book debts of the Company.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Payable to Micro, Small and Medium Enterprises	74.50	104.53
Payable to Others	9,947.60	7,798.94
<b>Total</b>	<b>10,022.10</b>	<b>7,903.47</b>

The details of amount outstanding to Micro, Small and Medium Enterprise based on available information with the Company is as under:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	74.50	104.53
Interest due thereon	-	-
b) The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006.	-	-
c) The amount of payment made to supplier beyond the appointed day during the each accounting year.	357.05	868.92
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year.	97.74	91.39
f) The amount of further interest remaining due and payable even in succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of Micro, Small and Medium Enterprise Development Act, 2006.	6.35	6.96

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

The delayed payment has been computed having regard to specified credit period of 45 days under Micro, Small and Medium Enterprise Development Act, 2006. However there is no delay in terms of agreed credit terms with these suppliers.

**27. CURRENT FINANCIAL LIABILITIES - OTHERS**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Unclaimed Dividends	196.89	224.60
Creditors for capital expenditure	369.88	1,689.68
Forward contract payable	8.77	196.00
Other payables	9,538.02	8,861.67
Security Deposit from Customers	6.00	6.00
<b>Total</b>	<b>10,119.56</b>	<b>10,977.95</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 28. CURRENT LIABILITIES - OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from Customers	753.33	365.38
Outstanding Purchase Consideration (Undischarged liabilities of vendors)	–	0.10
Deferred Government Grant	84.25	82.13
Other payable	311.18	382.46
<b>Total</b>	<b>1,148.76</b>	<b>830.07</b>

## 29. CURRENT LIABILITIES - PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Gratuity	733.35	677.31
Leave Encashment	157.88	110.08
<b>Total</b>	<b>891.23</b>	<b>787.39</b>

## 30. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Taxes	–	41,312.36
Less: Taxes Paid	–	41,224.97
<b>Total</b>	<b>–</b>	<b>87.39</b>

## A. The major components of income tax expense for the year are as under:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>i. Income tax recognized in the statement of profit and loss</b>		
<b>Current Tax:</b>		
Current tax on profit for the year	4,665.00	4,550.00
MAT credit Entitlement	–	(1,572.00)
Earlier years' tax	160.72	–
<b>Deferred tax :</b>		
Deferred Tax expenses	278.44	1,403.90
<b>Total Income tax recognized in the statement of profit and loss</b>	<b>5,104.16</b>	<b>4,381.90</b>
<b>ii. Income tax recognized in other comprehensive income</b>		
<b>Deferred tax :</b>		
Deferred Tax expenses on re-measurement of defined benefit plan	127.88	143.12
<b>Total Income tax recognized in other comprehensive income</b>	<b>127.88</b>	<b>143.12</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****B. Reconciliation of tax expense and the accounting profit for the year is under:** (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Accounting Profit before income tax expenses	17,904.30	21,678.36
Enacted tax rate in India (%)	34.61	34.61
Expected income tax expense	6,196.32	7,502.45
<b>Tax effect of :</b>		
Expenses not deductible	890.92	388.34
Allowances and concessions	(1,985.11)	(3,279.21)
Deductible expenses (Net)	(158.68)	(229.68)
Tax expenses	4,943.44	4,381.90
Adjustment recognised in current year in relation to the current tax of earlier years	160.72	–
Tax expenses recognized in statement of profit and loss	5,104.16	4,381.90
Effective tax rate (%)	27.61	20.21

**31. REVENUE FROM OPERATIONS** (₹ in lakhs)

Particulars	2017-2018	2016-2017
<b>Sales of Products:</b>		
Sale of Pharmaceuticals Products	122,362.34	115,889.52
Export of Product Development Service	496.85	386.31
Exchange Rate Difference realised	(78.63)	468.72
	122,780.56	116,744.55
<b>Other Operating Revenues :</b>		
Manufacturing Charges	86.06	93.32
Export Incentives	2,089.12	2,554.97
Sale of Scrap	256.73	289.99
Government Grant	87.91	47.08
Insurance Claims	22.02	28.70
Others	151.02	110.81
	2,692.86	3,124.87
<b>Total</b>	<b>125,473.42</b>	<b>119,869.42</b>

**32. OTHER INCOME** (₹ in lakhs)

Particulars	2017-2018	2016-2017
Interest Income		
Bank Deposit	4.35	3.46
Others	83.80	85.53
Dividend From Investment	20.00	–
Profit on sale of Investment	4,322.41	4,436.49
Fair value changes of Investment designated as FVTPL	(1,696.04)	(361.65)
Profit on sale of Assets (Net)	190.84	183.92
Provision for Doubtful debts written back	63.03	11.00
Excess provision written back	537.14	230.28
<b>Total</b>	<b>3,525.53</b>	<b>4,589.03</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 33. COST OF MATERIAL CONSUMED

(₹ in lakhs)

Particulars	2017-2018	2016-2017
Opening Inventories	7,304.78	6,455.93
Purchases	40,261.88	37,558.21
	47,566.66	44,014.14
Less: Closing Inventories	8,864.98	7,304.78
<b>Total</b>	<b>38,701.68</b>	36,709.36

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

(₹ in lakhs)

Particulars	2017-2018	2016-2017
<b>Inventories at the beginning</b>		
Finished Goods	5,962.38	4,515.64
Work-in-process	1,414.03	1,626.94
Stock-in-trade	1,276.40	704.97
	8,652.81	6,847.55
<b>Less: Inventories at the end</b>		
Finished Goods	5,015.30	5,962.38
Work-in-process	1,981.00	1,414.03
Stock-in-trade	1,695.32	1,276.40
	8,691.62	8,652.81
<b>Total</b>	<b>(38.81)</b>	(1,805.26)

## 35. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	2017-2018	2016-2017
Salaries and Other Benefits	19,696.15	17,114.30
Contribution to Provident Fund and Other Funds	1,441.08	1,181.48
Gratuity Expense	221.91	166.76
Staff Welfare	371.79	323.57
<b>Total</b>	<b>21,730.93</b>	18,786.11

## 36. FINANCE COST

(₹ in lakhs)

Particulars	2017-2018	2016-2017
<b>Interest expenses:</b>		
Interest on working capital borrowings	224.53	169.82
Applicable net loss on foreign currency transactions and translations	–	190.60
Interest cost Employee Benefit	81.40	93.12
<b>Other Borrowing Cost :</b>		
Loan Processing Charges	21.07	30.74
Guarantee Charges	14.36	15.85
<b>Total</b>	<b>341.36</b>	500.13

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 37. OTHER EXPENSES

(₹ in lakhs)

Particulars	2017-2018	2016-2017
Manufacturing charges	818.19	731.71
Stores and spares	564.62	692.65
Power and fuel	5,828.03	5,489.14
Excise duty	459.74	2,403.31
Compensation rent	858.20	822.03
Rates and taxes	154.19	168.09
Insurance	220.62	274.65
Freight and transport charges	4,505.53	3,593.53
Repairs to :		
Building	224.36	386.19
Machinery	917.79	678.61
Others	765.32	1,157.59
Sales promotion and publicity	3,656.07	2,663.08
Selling commission	2,288.00	2,219.53
Travelling and conveyance	3,673.71	2,530.84
Labour hire charges	1,787.74	1,786.56
Laboratory expenses	2,512.96	2,240.78
Directors' fees	44.80	48.91
Royalty	1,000.00	1,000.65
Payment to Auditors:		
Audit fees	30.00	30.00
Tax Audit fees	–	12.00
Other Taxation matters	–	15.00
Certification matters	–	6.50
CSR Activity Expenses	295.41	265.23
Donations	11.89	38.61
Net (Gain)/loss on foreign currency transactions and translation	(346.12)	531.48
Bad debts	76.66	–
Provision for doubtful debts/expected credit loss	142.82	255.65
Miscellaneous expenses	4,969.65	4,296.54
<b>Total</b>	<b>35,460.18</b>	<b>34,338.86</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 38. COMMITMENTS &amp; CONTINGENCIES:

## COMMITMENTS

• **Capital Commitments:** (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided (Net of Advance)	794.97	637.63

• **Other Commitments:**

The Company has imported capital goods including spares under the Export Promotion Capital Goods Scheme (EPCG) utilizing the benefit of zero rate or concessional rate of Customs duty. These benefits are subject to the fulfilment of certain export obligation within the stipulated period of time under the EPCG Scheme. Such export obligation remaining to be fulfilled at the year-end is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Export obligations under EPCG Scheme	8,928.81	15,109.63

## CONTINGENCIES

• **Claim against the company not acknowledged as debts**

Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the Company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹ 461.47 lakhs in respect of the Bulk Drug Metronidazole and a further sum of ₹ 591.05 lakhs in respect of the Bulk Drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the Bulk Drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The Company has filed Writ Petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & Writ Petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These Writ Petitions have been admitted and the Hon. High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the Writ Petition on the Company furnishing security as per the Orders. The Company has already furnished the Bank Guarantee of ₹ 402.35 lakhs as Security. As per the legal advice received by the Company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands.

Particulars	As at March 31, 2018	As at March 31, 2017
Central Excise & Service tax demands / show causes (against which the company has made pre deposit of ₹ 14.47 lakhs, Previous year ₹ 7.17 lakhs)	615.58	594.67
Income Tax (against which the Company has made pre deposit of ₹ 7.63 lakhs, Previous year ₹ 7.63 lakhs)	308.96	308.96
Sales Tax (against which the Company has made pre deposit of ₹ 0.43 lakhs, Previous year ₹ 0.43 lakhs)	8.34	8.34
Letter of Credit opened by the Banks	2,661.11	1,487.54
Guarantees issued by bank on behalf of the Company	1,451.49	1,443.09
Corporate guarantee given by the Company to a bank in respect of loan taken by a Wholly Owned Subsidiary	2,606.80	2,594.40

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

39. Travelling expenses of field personnel include incidental expenses on conveyance, postage, stationery and miscellaneous expenses etc.

40. Details of Research & Development Expenditure incurred during the year at the following R&D Centers:

(₹ in lakhs)

Particulars	Thane		Panoli-API		Panoli-formulation & Development		Daman	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Revenue Expenditure:</b>								
Staff Cost	892.27	775.83	38.39	36.25	171.80	170.57	61.78	62.23
Power & Fuel	86.53	76.60	-	-	-	-	-	31.53
Travelling & Conveyance	39.77	38.13	-	-	-	-	-	-
R & D Raw Materials	103.38	112.19	0.40	30.25	276.33	263.55	174.31	125.75
Product Registration & Other Fees	113.21	3.15	-	-	-	-	-	-
Clinical Trial & Bioequivalence Studies	240.08	233.44	-	-	-	-	-	-
Laboratory Expenses	378.45	128.20	6.02	12.15	326.51	264.69	3.24	13.55
Others	178.39	144.80	18.27	7.83	85.36	35.89	0.23	0.30
Fees	22.90	20.63	-	-	-	-	-	-
Repairs & Maintenance Bldg.	0.79	17.24	0.02	-	5.46	2.31	-	-
Total Revenue Expenditure	2,055.76	1,550.21	63.10	86.47	865.46	737.01	239.56	233.37
<b>Capital:</b>								
Buildings	-	-	-	209.43	-	-	-	-
Handling Equipment	-	-	-	17.69	-	-	-	-
Electrical Equipments	-	-	-	96.97	-	-	-	-
R & D Equipments	128.31	55.12	-	179.48	84.99	443.23	-	-
Laboratory Equipments	-	-	-	-	2.01	-	-	-
EDP Equipments	8.08	11.57	0.29	-	0.83	1.38	-	-
Office Equipments	1.08	1.15	-	3.84	-	0.31	-	-
Furniture & Fixtures	0.53	0.06	-	81.78	-	12.69	-	-
Air Conditioners	9.81	-	-	83.35	-	0.33	-	-
Total Capital Expenditure	147.81	67.90	0.29	672.54	87.83	457.94	-	-
<b>TOTAL</b>	<b>2,203.57</b>	<b>1,618.11</b>	<b>63.39</b>	<b>759.01</b>	<b>953.29</b>	<b>1,194.95</b>	<b>239.56</b>	<b>233.37</b>

41. Excise Duty under "Other expenses" includes the differential excise duty on closing stock and opening stock of finished goods and excise duty paid on the goods distributed as free goods/medical samples amounting to ₹ (39.28) lakhs (Previous year ₹ 525.81 lakhs).

42. In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognized as part of sales as per the requirements of Ind AS 18. Accordingly, Revenue from operation for the year ended March 31, 2018 are not comparable with the figures of the previous year.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****43. EMPLOYEE BENEFITS:****a. Defined Contribution Plan**

Contribution to defined contribution plan, recognized as expense for the year are as under: (₹ in lakhs)

Particulars	2017-18	2016-17
Employer's Contribution to Provident Fund & Family Pension Fund	1,093.11	923.28
Employer's Contribution to Superannuation Fund	208.44	205.74
Employer's Contribution to various Insurance Schemes	121.37	34.37

**b. Defined Benefit Plan- Gratuity**

Gratuity is payable to all eligible employees of the Company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

**i. Changes in Present value of defined benefit obligation during the year**

(₹ in lakhs)

Particulars	2017-18	2016-17
Present value of defined benefit obligation at the beginning of the year	3,815.92	3,241.78
Interest Cost	288.87	261.61
Current Service Cost	221.91	166.76
Benefit paid from the Fund	(147.36)	(243.11)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(130.30)	128.29
Actuarial (Gains)/Losses on Obligations - Due to Experience	491.35	260.59
Present value of defined benefit obligation at the end of the year	4,540.39	3,815.92

**ii. Changes in fair value of plan assets during the year**

(₹ in lakhs)

Particulars	2017-18	2016-17
Fair value of plan assets at the beginning of the year	2,740.56	2,087.86
Interest Income	207.46	168.49
Contributions by the Employer	592.55	751.98
Benefit paid from the Fund	(147.36)	(243.11)
Return on plan assets, excluding interest income	(8.45)	(24.67)
Fair value of plan assets at the end of the year	3,384.76	2,740.56

**iii. Net (asset)/liability recognized in the balance sheet**

(₹ in lakhs)

Particulars	31-03-2018	31-03-2017
Present value of benefit obligation at the end of the year	4,540.39	3,815.92
Fair value of plan assets at the end of the year	(3,384.76)	(2,740.56)
Net (asset)/liability recognized in the Balance Sheet	1,155.63	1,075.36
Net liability – current (refer note no. 29)	733.35	677.31
Net liability – non current (refer note no. 22)	422.28	398.05

**iv. Expenses recognized in the statement of profit and loss for the year**

(₹ in lakhs)

Particulars	2017-18	2016-17
Current Service Cost	221.91	166.76
Net Interest Cost	81.40	93.12
<b>Expenses recognized</b>	<b>303.32</b>	<b>259.88</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****v. Recognized in other comprehensive income for the year** (₹ in lakhs)

Particulars	2017-18	2016-17
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(130.30)	128.29
Actuarial (Gains)/Losses on Obligations - Due to Experience	491.35	260.59
Return on Plan Assets, Excluding Interest Income	8.45	24.67
<b>Net (Income)/Expense For the Period Recognized in OCI</b>	<b>369.51</b>	<b>413.55</b>

**vi. Actuarial assumptions**

Particulars	2017-18	2016-17
Expected Return on Plan Assets (%)	7.86	7.57
Rate of Discounting (%)	7.86	7.57
Rate of Salary Increase (%)	4.00	4.00
Rate of Employee Turnover (%)	2.00	2.00

**vii. Maturity profile of defined benefit obligation** (₹ in lakhs)

Particulars	2017-18	2016-17
Within 1 year	1,002.91	585.13
1-2 year	365.57	273.14
2-3 year	393.03	323.95
3-4 year	410.93	259.38
4-5 year	533.31	288.34
Above 5 years	1,738.22	1,719.16

**viii. Sensitivity analysis for significant assumptions is as below:** (₹ in lakhs)

Particulars	31-03-2018	31-03-2017
Projected Benefit Obligation on Current Assumptions	4,540.39	3,815.92
Delta Effect of +1% Change in Rate of Discounting	(246.00)	(248.30)
Delta Effect of -1% Change in Rate of Discounting	281.61	284.72
Delta Effect of +1% Change in Rate of Salary Increase	289.84	292.21
Delta Effect of -1% Change in Rate of Salary Increase	(256.84)	(258.58)
Delta Effect of +1% Change in Rate of Employee Turnover	89.31	83.00
Delta Effect of -1% Change in Rate of Employee Turnover	(101.43)	(93.82)

**ix. Investment details:**

The Company made annual contribution to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the investments made or the break-down of the plan assets by investment type.

**44. SEGMENT REPORTING:**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision maker, in assessing the performance and deciding on allocation of resources. The Company's decision maker are the Chairman and Whole time directors and the Company has only one reportable business segment i.e. 'Pharmaceuticals'.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 45. DEFERRED TAX:

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

## As at March 31, 2018

(₹ in lakhs)

Particulars	As at March 31, 2017	Recognized/ reversed through profit and loss	Recognized in other comprehensive income	MAT (Utilised)/ Availed	As at March 31, 2018
Tax effect of item constituting deferred tax liabilities					
i. Property, plant and equipment	4,400.23	638.19	-	-	5,038.42
ii. Fair valuation of financial instruments	2,191.87	(391.32)	-	-	1,800.55
	6,592.10	246.87	-	-	6,838.97
Tax effect of item constituting deferred tax assets					
i. Employee benefits	681.09	(58.44)	127.88	-	750.53
ii. MAT credit entitlement	2,923.71	-	-	(1,924.24)	999.47
iii. Others	91.95	26.87	-	-	118.82
	3,696.75	(31.57)	127.88	(1,924.24)	1,868.82
<b>Net deferred tax liability/ (asset)</b>	<b>2,895.35</b>	<b>278.44</b>	<b>(127.88)</b>	<b>(1,924.24)</b>	<b>4,970.15</b>

## As at March 31, 2017

(₹ in lakhs)

Particulars	As at March 31, 2016	Recognized/ reversed through profit and loss	Recognized in other comprehensive income	MAT (utilized)/ availed	As at March 31, 2017
Tax effect of item constituting deferred tax liabilities					
i. Property, plant and equipment	3,093.51	1,306.72	-	-	4,400.23
ii. Fair valuation of financial instruments	2,275.31	(83.44)	-	-	2,191.87
	5,368.82	1,223.28	-	-	6,592.10
Tax effect of item constituting deferred tax assets					
i. Employee benefits	568.54	(30.57)	143.12	-	681.09
ii. MAT credit entitlement	1,351.71	-	-	1,572.00	2,923.71
iii. Others	242.00	(1,50.05)	-	-	91.95
	2,162.25	(1,80.62)	143.12	1,572.00	3,696.75
<b>Net deferred tax liability/ (asset)</b>	<b>3,206.57</b>	<b>1,403.90</b>	<b>(143.12)</b>	<b>(1,572.00)</b>	<b>2,895.35</b>

The Company has unused tax losses under the head long term capital gain under the Income Tax Act, 1961. Based on the probable uncertainty regarding the set off of these losses, the Company has not recognized the following deferred tax asset in the Balance Sheet:

(₹ in lakhs)

Financial Year	As at March 31, 2018	Expiry Date	As at March 31, 2017	Expiry Date
2015 – 2016	273.27	March 31, 2024	571.61	March 31, 2024

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****46. RELATED PARTY DISCLOSURE:**

Related party disclosure as required by Ind AS 24, 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013, are given below:

**Names and Relationships of the Related Parties:****I Subsidiary Companies:**

- a. OOO Unique Pharmaceutical Laboratories
- b. Unique Pharmaceutical Laboratories FZE
- c. Biotech Laboratories (Pty.) Ltd. (Through Unique Pharmaceutical Laboratories FZE)

**II Associate Concerns/Trusts/Companies with whom transactions have taken place during the year:**

- |                                |  |
|--------------------------------|--|
| a. Mody Trading Company        | k. Shirish Mody Enterprises LLP            |
| b. Mody Brothers               | l. Bharati Mody Ventures LLP               |
| c. Jyotindra Family Trust      | m. Synit Drugs Pvt. Ltd.                   |
| d. Dinesh Family Trust         | n. Unique Pharmaceutical Laboratories Ltd. |
| e. Shirish Family Trust        | o. Ifiunik Pharmaceuticals Ltd.            |
| f. Lekar Pharma Ltd.           | p. Namplas Chemicals Pvt. Ltd.             |
| g. J.B. Mody Enterprises LLP   | q. Gemma Jewellery Pvt. Ltd                |
| h. Ansuya Mody Enterprises LLP | r. Jyotindra Mody Ventures LLP             |
| i. Dinesh Mody Ventures LLP    | s. D. B. Mody Enterprises LLP              |
| j. Kumud Mody Ventures LLP     | t. Shirish Mody Property LLP               |

**III Key Management Personnel (KMP):**

- |                           |                          |
|---------------------------|--------------------------|
| a. Shri Jyotindra B. Mody | d. Shri Bharat P. Mehta  |
| b. Shri Dinesh B. Mody    | e. Shri Pranabh D. Mody  |
| c. Shri Shirish B. Mody   | f. Shri Kamlesh L. Udani |

**IV Relative of KMP:**

- |                           |                       |
|---------------------------|-----------------------|
| a. Mrs. Kumud D. Mody     | g. Shri Nirav S. Mody |
| b. Mrs. Bharati S. Mody   | h. Shri Jay B. Mehta  |
| c. Mrs. Pallavi B. Mehta  | i. Mrs. K. V. Gosalia |
| d. Mrs. Purvi U. Asher    | j. D. B. Mody - HUF   |
| e. Mrs. Deepali A. Jasani | k. S. B. Mody - HUF   |
| f. Mrs. Priti R. Shah     |                       |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Following transactions were carried out with related parties:

(₹ in lakhs)

	<b>Name of Related Party</b>	<b>Nature of Transaction</b>	<b>2017-18</b>	<b>2016-17</b>
<b>(I)</b>	<b>Subsidiary Companies :</b>			
a.	000 Unique Pharmaceuticals Laboratories, Russia	Sale of goods	<b>916.34</b>	–
		Sales Promotion Expenses paid	<b>687.39</b>	–
		O/S Receivable	<b>611.36</b>	–
b.	J.B. Healthcare Pvt Ltd, Jersey	Return of Share Capital on Liquidation	–	7.42
c.	Unique Pharmaceutical Laboratories FZE, Dubai	Sale of goods	<b>3,225.15</b>	5,694.26
		Guarantee Commission Income	<b>13.03</b>	12.97
		Reimbursement of Expenses	<b>23.64</b>	9.51
		O/S Receivable	<b>4,045.90</b>	4,812.43
		O/S Corporate Guarantee given for Loan taken by Subsidiary	<b>2,606.80</b>	2,594.40
		Freight income	<b>2.61</b>	–
d.	Biotech Laboratories (Pty.) Ltd., South Africa	Sale of goods	<b>2,585.66</b>	2,334.56
		Other Income	<b>17.70</b>	–
		O/S Payable	<b>2.17</b>	2.16
		O/S Receivable	<b>1,371.54</b>	920.67
<b>(II)</b>	<b>Associate Concern / Trusts / Companies</b>			
a.	Mody Brothers	Payment of Rent	<b>9.50</b>	9.50
b.	Jyotindra Family Trust	Payment of Rent	<b>29.97</b>	9.89
		Rent deposit refund	<b>6.00</b>	11.63
		Rent deposit paid	<b>6.18</b>	–
		O/S Receivable	<b>9.68</b>	9.50
c.	Dinesh Family Trust	Payment of Rent	<b>8.35</b>	8.35
		Rent deposit refund	–	4.99
		O/S Receivable	<b>3.50</b>	3.50
d.	Shirish Family Trust	Payment of Rent	<b>8.35</b>	8.35
		Rent deposit refund	–	4.99
		O/S Receivable	<b>3.50</b>	3.50
e.	J. B. Mody Enterprises LLP	Payment of Rent	<b>4.88</b>	–
		Rent deposit paid	<b>1.26</b>	1.34
		O/S Receivable	<b>1.26</b>	–
f.	Dinesh Mody Ventures LLP	Payment of Rent	<b>4.88</b>	–
		Rent deposit paid	<b>1.26</b>	1.34
		O/S Receivable	<b>1.26</b>	–
g.	Shirish Mody Enterprises LLP	Payment of Rent	<b>4.88</b>	–
		Rent deposit paid	<b>1.26</b>	1.34
		O/S Receivable	<b>1.26</b>	–
h.	Jyotindra Mody Ventures LLP	Payment of Rent	<b>259.44</b>	254.28
		Rent deposit paid	–	110.64
		O/S Receivable	<b>110.64</b>	110.64
i.	D. B. Mody Enterprises LLP	Payment of Rent	<b>259.44</b>	254.28
		Rent deposit paid	–	110.64
		O/S Receivable	<b>110.64</b>	110.64

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

			(₹ in lakhs)	
	Name of Related Party	Nature of Transaction	2017-18	2016-17
j.	Shirish Mody Property LLP	Payment of Rent	259.44	254.28
		Rent deposit paid	–	110.64
		O/S Receivable	110.64	110.64
k.	Synit Drugs Pvt. Ltd.	Interest on Deposits	2.33	4.00
		Refund of ICD	40.00	–
		O/S Payable	–	40.00
l.	Unique Pharmaceutical Laboratories Ltd.	Royalty paid	1,122.30	1,131.96
m.	Ifiunik Pharmaceuticals Ltd.	Interest on Deposits	3.79	6.50
		Refund of ICD	65.00	–
		O/S Payable	–	65.00
n.	Namplas Chemicals Pvt. Ltd.	Processing Charges	23.99	34.10
		O/S Payable	4.43	1.60
o.	Gemma Jewellery Pvt. Ltd.	Purchase of goods	4.15	–
p.	Lekar Pharma Ltd.	Sale of goods	203.55	153.44
		Purchases of goods	6,426.29	4,324.28
		Receipt of Mfg Charges	86.06	93.32
		Reimbursement received for Sales Promotion expense	186.76	–
		O/S Payable	956.66	286.02
<b>(III)</b>	<b>Key Management Personnel :</b>			
a.	Shri Jyotindra B. Mody	Remuneration	442.76	608.55
		Retirement benefit expenses*	57.21	61.03
b.	Shri Dinesh B. Mody	Remuneration	442.76	608.55
		Retirement benefit expenses*	57.21	61.03
c.	Shri Shirish B. Mody	Remuneration	442.76	608.55
		Retirement benefit expenses*	57.21	61.03
d.	Shri Bharat P. Mehta	Remuneration	221.02	220.14
		Retirement benefit expenses*	30.65	29.72
e.	Shri Pranabh D. Mody	Remuneration	221.02	220.14
		Retirement benefit expenses*	30.65	29.72
f.	Shri Kamlesh L. Udani	Remuneration	142.38	126.56
		Retirement benefit expenses*	19.22	17.09
<b>(IV)</b>	<b>Relative of Key Management Personnel :</b>			
a.	Shri Nirav S. Mody	Remuneration	150.71	124.38
		Retirement benefit expenses*	20.35	16.79
b.	Shri Jay B. Mehta	Remuneration	150.71	124.39
		Retirement benefit expenses*	20.34	16.80
c.	D. B. Mody - HUF	Payment of Rent	18.50	1.41
		Rent deposit refund	6.00	6.64
		Rent deposit paid	6.18	–
		O/S Receivable	6.18	6.00
d.	S. B. Mody - HUF	Payment of Rent	18.96	1.55
		Rent deposit refund	6.00	6.64
		Rent deposit paid	6.18	–
		O/S Receivable	6.18	6.00

\* Excludes provision for compensated leave and gratuity for KMP and Relative of KMP as both liabilities are provided on overall Company and not identified separately in actuarial valuation.

Note: Figures are inclusive of Service Tax/ GST wherever applicable.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****47. EARNINGS PER SHARE:**

Particulars	2017-18	2016-17
Net Profit attributable to Equity Shareholders (₹ in lakhs)	12,800.14	17,296.46
Weighted Average No. of Equity shares (Nos)		
Basic	83,967,235	84,819,975
Diluted	83,967,235	84,819,975
Nominal value of equity shares (₹)	2.00	2.00
<b>Earnings per share (₹)</b>		
Basic	15.24	20.39
Diluted	15.24	20.39

**48. OPERATING LEASES:**

The Company has entered into cancellable operating leases in respect of office premises, godown and others, which are cancellable by giving appropriate notices as per respective agreements. During the year ₹ 858.20 lakhs (Previous year ₹ 822.03 lakhs) has been charged to Statement of Profit and Loss on account of compensation rent.

**49. CSR EXPENDITURE:**

Gross amount required to be spent during the year ₹ 391.86 lakhs (Previous year ₹ 346.39 lakhs).

Amount spent during the year ₹ 295.41 lakhs (Previous year ₹ 265.23 lakhs) as detailed hereunder: (₹ in lakhs)

Nature of activity	2017-18	2016-17
Promoting Healthcare including preventive healthcare	240.00	111.97
Promotion of Education	50.00	152.75
Eradication of Poverty and malnutrition	0.41	0.51
Protection of Environment	5.00	-

**50. Pursuant to Section 186(4) of the Companies Act, 2013, the particulars of amount outstanding under the guarantee given is as follows:**

(₹ in Lakhs)

Name of entity	Nature of transaction and material terms	Purpose for which loan / guarantee proposed to be utilized by the recipient	As at March 31, 2018	As at March 31, 2017
Unique Pharmaceuticals Laboratories FZE, a wholly owned subsidiary	Corporate guarantee. Guarantee commission charged @ 0.50 %.	Guarantee given to facilitate borrowing from bank by the subsidiary for meeting working capital needs.	2,606.80 (USD 4 million)	2,594.40 (USD 4 million)

**51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:**

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****Risk management framework**

Company's board of directors has overall responsibility for establishment of Company's risk management framework. Management is responsible for developing and monitoring Company's risk management policies, under the guidance of Audit Committee. Management identifies, evaluate and analyses the risks to which the Company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits.

Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Company. Management through its interaction and training to concerned employees aims to maintain a disciplined and constructive control environment in which concerned employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks to which Company is exposed. The Audit Committee is assisted in its role by the internal auditor wherever required. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**a) Credit risk:**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

The Company has adopted a policy of only dealing with counter parties that have sufficiently high credit standards and financial strength. The Company's exposure and credit ratings of its counter parties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the several counter parties.

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

As regard, credit risk for investment in mutual funds, the Company limits its exposure to credit risk by investing mainly in debt securities issued by mutual funds which are of high credit ranking from rating agency like CRISIL or the equivalent rating agency. Company monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, Company adjusts its exposure to various counterparties from time to time.

Credit risk from trade receivables is managed by the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are mainly from stockist, distributors and direct customers and are non-interest bearing. Trade receivables generally ranges from 30 days to 180 days credit term. Credit limits are established for all customers based on internal criteria and any deviation in credit limit require approval of Head of the department and / or Directors depending upon the quantum and overall business risk. Majority of the customers have been doing business with the Company for more than 3 years and they are being monitored by individual business managers who deals with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits. Also, in case of international business, particularly new customers, management reviews the business risk by evaluating economic situation of the country and the customers and generally starts the relation either on advance payment or on the basis of confirmed irrevocable letter of credit.

Management does an impairment analysis at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Further, the Company's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
Gross carrying amount	<b>30,368.05</b>	26,697.52
Expected credit loss at simplified approach	<b>314.00</b>	188.00
Carrying amount of trade receivables (net of impairment)	<b>30,054.05</b>	26,509.52

**b) Liquidity risk:**

Liquidity risk is the risk that Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. Company's objective is to, at all times maintain optimum level of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash or cash equivalent available to meet all its normal operating commitments in a timely and cost effective manner. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next three to six months.

**c) Market risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks:

- i. Interest rate risk;
- ii. Currency risk; and
- iii. Equity price risk.

Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**i) Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is very low. The Company has not used any interest rate derivatives.

**ii) Foreign currency risk:**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Primarily, the exposure in foreign currencies are denominated in USD, EURO and RUBLE. At any point in time, Company covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year from the reporting date. In respect of monetary assets and liabilities denominated other than in USD, EURO and RUBLE, Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

All such hedged transactions are carried out within the guidelines set by the risk management committee. The Company does not enter into any derivative instruments for trading or speculative purposes.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

(₹ in lakhs)

Currency	Liabilities		Assets	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	1,021.12	4,929.36	16,989.73	14,371.48
EURO	266.14	–	2,624.81	2,937.22
AUD	25.91	32.24	1,679.32	940.49
RUB	–	138.00	3,185.80	3,499.42
Others	2.07	–	212.15	261.01

Details of Hedged exposure in foreign currency denominated monetary items:

The Company enters into forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions based on past performance. The Company does not enter into any derivative instruments for trading or speculative purpose.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	As at March 31, 2018		As at March 31, 2017	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
Forward contract to sell USD	10.75	7,005.78	2.00	1,297.20
Forward contract to sell Euro	2.00	1,626.64	0.50	347.97
Forward contract to buy USD	–	–	1.55	1,004.72

Details of Unhedged exposure in foreign currency denominated monetary items:

Currency	As at March 31, 2018		As at March 31, 2017	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
<b>RECEIVABLE:</b>				
USD	15.32	9,983.95	20.16	13,074.28
EURO	1.23	998.16	3.72	2,589.25
AUD	3.36	1,679.32	1.90	940.49
RUBLE	281.58	3,185.80	304.30	3,499.42
OTHERS	1.20	212.15	1.27	261.01
<b>PAYABLE:</b>				
USD	1.57	1,021.12	6.05	3,924.64
AUD	0.05	25.91	0.07	32.24
RUBLE	–	–	12.00	138.00
EURO	0.33	266.14	–	–
OTHERS	–	2.07	–	–

The Company is mainly exposed to changes in USD, EURO and RUBLE. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD, EURO and RUBLE against INR, with all other variables held constant.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 1% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in lakhs)

Particulars	Currency	As at	As at
		March 31, 2018	March 31, 2017
1% Depreciation in INR	USD	89.63	91.50
1% Appreciation in INR	USD	(89.63)	(91.50)
1% Depreciation in INR	EURO	7.32	12.16
1% Appreciation in INR	EURO	(7.32)	(12.16)
1% Depreciation in INR	RUB	31.82	33.61
1% Appreciation in INR	RUB	(31.82)	(33.61)

**iii) Equity price risk:**

Company does not have any exposure to equity price risk, as there is no major investment in equity except in its own subsidiaries and accordingly, exposure to risk of changes in price is very low.

**52. CAPITAL MANAGEMENT:**

For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plan. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or buy back of shares. The current capital structure of the Company is equity based with low financing through borrowings. The Company is not subject to any externally imposed capital requirement.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

**53. FAIR VALUE MEASUREMENT:**

A) The Carrying value and Fair value of financial assets and liabilities by categories are as follows: (₹ in lakhs)

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Financial Assets at amortized cost (non-current)</b>				
Investment in Government securities	0.29	0.29	0.29	0.29
Loans	332.67	328.94	332.67	328.94
Other financial assets	344.10	350.26	344.10	350.26
<b>Financial Assets at amortized cost (current)</b>				
Trade receivables	30,054.05	26,509.52	30,054.05	26,509.52
Cash and bank balance	1,495.33	719.71	1,495.33	719.71
Loans	20.60	44.32	20.60	44.32
Other financial assets	73.83	73.91	73.83	73.91

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

(₹ in lakhs)

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Financial Liabilities at amortized cost (current)</b>				
Borrowings	2,847.62	4,886.03	2,847.62	4,886.03
Trade payables	10,022.10	7,903.47	10,022.10	7,903.47
Others	10,110.79	10,781.95	10,110.79	10,781.95
<b>Financial Assets at Fair value through profit &amp; loss (non-current)</b>				
Investment	4,995.50	18,583.91	4,995.50	18,583.91
<b>Financial Assets at Fair value through profit &amp; loss (current)</b>				
Investment	38,376.60	22,496.16	38,376.60	22,496.16
<b>Financial Liabilities at Fair value through profit &amp; loss (current)</b>				
Forward contract	8.77	196.00	8.77	196.00

B) Level-wise disclosures of financial assets and liabilities by categories are as follows: (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	Level	Valuation techniques and key inputs
<b>Financial Assets at amortized cost (non-current)</b>				
Deposit for premises	312.80	298.51	3	Discounted cash flow method using interest rate for similar financial instrument.
<b>Financial Assets at Fair value through profit &amp; loss (non-current)</b>				
Investment in Mutual Fund	3,985.53	17,680.56	1	Quoted NAV in active markets.
Investment in Equity shares	1,009.97	903.35	3	Value based on the latest offer price with one of the items in the list on account of transfer restriction and other items being the statutory contribution nature, as per the value appearing in the books.
<b>Financial Assets at Fair value through profit &amp; loss (current)</b>				
Investment in Mutual Fund	38,376.60	22,496.16	1	Quoted NAV in active markets.
<b>Financial Liabilities at Fair value through profit &amp; loss (current)</b>				
Forward contract	8.77	196.00	2	Forward contracts are valued using readily available information from the banks.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/ liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2017.

During the reporting period ended March 31, 2018 and March 31, 2017, there were no transfers between level 1, level 2 and level 3 fair value measurements.

**Level 3 Fair Values**

The following tables shows a reconciliation of the opening and closing balances for Level 3 fair value.

Particulars	(₹ in lakhs)	
	Investment in Equity shares	Deposit for premises
Opening Balance (April 1, 2017)	903.35	298.51
Fair value changes of Investment designated as FVTPL	106.62	-
Interest Income - Others	-	16.10
Addition	-	37.68
Deletion	-	(39.49)
<b>Closing Balance (March 31, 2018)</b>	<b>1,009.97</b>	<b>312.80</b>

A one percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

**54. EVENTS AFTER THE REPORTING PERIOD:**

The Board of Directors have recommended dividend of ₹ 2/- per fully paid up equity shares of ₹ 2/- each amounting to ₹ 1,671.40 lakhs plus ₹ 343.56 lakhs dividend distribution tax for the financial year 2017-18, which is based on relevant share capital as on March 31, 2018. The actual dividend amount will be dependent on the relevant share capital outstanding as on record date / book closure.

**55.** Figures of previous year have been re-grouped, re-arranged and re-cast, wherever considered necessary. Figures in brackets indicate corresponding figures of previous year.

**As per our report of even date****For Damania & Varaiya**

Chartered Accountants  
Firm Registration No. 102079W

**Bharat Jain**

Partner  
Membership No. 100583

Place: Mumbai

Date : May 25, 2018

**For and on behalf of the Board of Directors****J. B. Mody**

Chairman & Managing Director

**S. B. Mody**

Whole time Director (Marketing)

Place: Mumbai

Date : May 25, 2018

**D. B. Mody**

Whole time Director (Administration)

**Vijay D. Bhatt**

Chief Financial Officer

**M. C. Mehta**

Company Secretary

## INDEPENDENT AUDITORS' REPORT

To the Members of J.B. Chemicals & Pharmaceuticals Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of J. B. Chemicals & Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash 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 statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements and ensuring 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 consolidated Ind AS 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 controls and checks relevant to the 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 principles and procedures followed, 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 consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

**Other Matters**

We did not audit the financial statements / financial information of certain subsidiaries, whose financial statements / financial information reflect total assets of ₹ 26,569.45 lakhs as at March 31, 2018, total revenues of ₹ 29,154.00 lakhs and net cash inflows amounting to ₹ 878.05 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information have been prepared in accordance with accounting policies generally accepted in their respective countries and audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, to the extent applicable or considered as applicable, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been made so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the books of account relevant 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 applicable Indian Accounting Standards specified under Section 133 of the Act, read

with relevant rules issued thereunder to the extent applicable.

- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the group and operating effectiveness of such controls, refer to our report on the internal financial controls over financial reporting given in Annexure B to the Independent Auditor's Report on Standalone Ind AS Financial Statement, since the Holding Company is the only company in the group incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, for the reasons stated therein, 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - ii. the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For **Damania & Varaiya**  
Chartered Accountants  
Firm's registration No.: 102079W

**Bharat Jain**  
Partner  
Membership No.: 100583

Place: Mumbai  
Date : May 25, 2018

**CONSOLIDATED BALANCE SHEET**

As at March 31, 2018

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	5	56,371.11	59,727.03
(b) Capital work-in-progress		1,740.23	376.25
(c) Goodwill		5,314.00	5,314.00
(d) Other Intangible assets	6	2,265.23	2,903.40
(e) Financial Assets			
(i) Investments	7	4,995.79	18,584.20
(ii) Trade receivables	8	-	-
(iii) Loans	9	332.67	328.94
(iv) Other financial assets	10	344.10	350.26
(f) Other non-current assets	11	426.08	330.76
<b>Total non current assets</b>		<b>71,789.21</b>	<b>87,914.84</b>
<b>Current assets</b>			
(a) Inventories	12	21,373.14	20,016.86
(b) Financial Assets			
(i) Investments	13	38,376.60	22,496.16
(ii) Trade receivables	14	30,072.96	26,596.62
(iii) Cash and bank balance	15	2,992.32	1,338.65
(iv) Loans	16	87.91	92.61
(v) Others	17	79.27	78.98
(c) Current Tax Assets (Net)	18	829.46	-
(d) Other current assets	19	10,888.12	8,869.14
<b>Total current assets</b>		<b>104,699.78</b>	<b>79,489.02</b>
<b>Total Assets</b>		<b>176,488.99</b>	<b>167,403.86</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	20	1,671.40	1,696.40
(b) Other Equity	21	142,484.40	134,670.50
Equity attributable to equity holder of the Parent		144,155.80	136,366.90
(c) Non Controlling interest		277.18	218.05
<b>Total Equity</b>		<b>144,432.98</b>	<b>136,584.95</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Provisions	22	967.36	1,256.20
(b) Deferred tax liabilities (Net)	23	3,238.58	1,046.39
(c) Other non-current liabilities	24	360.01	395.48
<b>Total non-current liabilities</b>		<b>4,565.95</b>	<b>2,698.07</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	25	2,929.28	4,886.03
(ii) Trade payables	26	11,039.50	9,897.71
(iii) Other financial liabilities	27	10,793.35	11,376.26
(b) Other current liabilities	28	1,160.14	838.44
(c) Provisions	29	1,552.50	1,035.01
(d) Current Tax Liabilities (Net)	30	15.29	87.39
<b>Total current liabilities</b>		<b>27,490.06</b>	<b>28,120.84</b>
<b>Total Equity and Liabilities</b>		<b>176,488.99</b>	<b>167,403.86</b>

See accompanying notes to the financial statements

As per our report of even date

**For Damania & Varaiya**  
Chartered Accountants  
Firm Registration No. 102079W

**Bharat Jain**  
Partner  
Membership No. 100583

Place: Mumbai  
Date : May 25, 2018

For and on behalf of the Board of Directors

**J. B. Mody**  
Chairman & Managing Director

**S. B. Mody**  
Whole time Director (Marketing)

Place: Mumbai  
Date : May 25, 2018

**D. B. Mody**  
Whole time Director (Administration)

**Vijay D. Bhatt**  
Chief Financial Officer

**M. C. Mehta**  
Company Secretary

**CONSOLIDATED PROFIT AND LOSS STATEMENT**

For the year ended on March 31, 2018

(₹ in lakhs)

Particulars	Note No.	2017-18	2016-17
<b>INCOME</b>			
<b>I Revenue From Operations</b>	31	<b>141,351.20</b>	136,831.70
<b>II Other Income</b>	32	<b>3,657.70</b>	5,015.70
<b>III Total Income (I+II)</b>		<b>145,008.90</b>	141,847.40
<b>IV EXPENSES</b>			
Cost of materials consumed	33	<b>38,701.68</b>	36,709.36
Purchases of stock-in-trade		<b>15,739.56</b>	15,244.24
Changes in inventories of finished goods, stock-in-trade and work-in-progress		<b>(659.41)</b>	843.13
Employee benefits expense	34	<b>25,109.87</b>	21,734.16
Finance costs	35	<b>349.21</b>	537.16
Depreciation and amortization expense	5,6	<b>5,697.37</b>	4,722.44
Other expenses	36	<b>40,675.56</b>	39,062.50
<b>Total expenses</b>		<b>125,613.84</b>	118,852.99
<b>V Profit before Tax (III-IV)</b>		<b>19,395.06</b>	22,994.41
<b>VI Tax expense:</b>	30		
Current tax		<b>4,948.66</b>	4,829.49
MAT credit entitlement		<b>-</b>	(1,572.00)
Deferred tax		<b>413.74</b>	1,297.10
Earlier years tax		<b>160.72</b>	-
<b>VII Profit for the year (V-VI)</b>		<b>13,871.94</b>	18,439.82
<b>VIII Other Comprehensive Income</b>			
A) Items that will not be reclassified to profit or loss			
Re-measurement of the defined benefit plan		<b>(369.51)</b>	(413.55)
Income tax on above		<b>127.88</b>	143.12
B) Items that will be reclassified to profit or loss			
Foreign currency translation reserve		<b>202.27</b>	357.67
Income tax on above		<b>-</b>	-
<b>Total other comprehensive income</b>		<b>(39.36)</b>	87.24
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<b>13,832.58</b>	18,527.06
Profit for the year attributable to			
- owners of the company		<b>13,834.09</b>	18,406.27
- non controlling interest		<b>37.85</b>	33.55
Other comprehensive income for the year attributable to			
- owners of the company		<b>(39.36)</b>	87.24
- non controlling interest		<b>-</b>	-
Total comprehensive income for the year attributable to			
- owners of the company		<b>13,794.73</b>	18,493.51
- non controlling interest		<b>37.85</b>	33.55
<b>X Earnings per equity share</b>	45		
Basic		<b>16.48</b>	21.70
Diluted		<b>16.48</b>	21.70

See accompanying notes to the financial statements

As per our report of even date

**For Damania & Varaiya**  
Chartered Accountants  
Firm Registration No. 102079W

**Bharat Jain**  
Partner  
Membership No. 100583

Place: Mumbai  
Date : May 25, 2018

For and on behalf of the Board of Directors

**J. B. Mody**  
Chairman & Managing Director

**S. B. Mody**  
Whole time Director (Marketing)

Place: Mumbai  
Date : May 25, 2018

**D. B. Mody**  
Whole time Director (Administration)

**Vijay D. Bhatt**  
Chief Financial Officer

**M. C. Mehta**  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2018

(₹ in lakhs)

Particulars	2017-18		2016-17	
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before Tax		19,395.06		22,994.41
Adjustment For:				
Depreciation	5,697.37		4,722.44	
Foreign Exchange Fluctuation (Net)	(458.72)		1,040.22	
Interest expense	313.78		299.97	
(Profit)/ Loss on Sale/Discard of Assets (Net)	(197.36)		(183.92)	
Profit on sale of Investment designated as FVTPL	(4,322.41)		(4,436.49)	
Net (Gain)/Loss arising from Financial instruments designated as FVTPL	1,696.04		361.65	
Interest income	(167.49)		(117.89)	
Dividend income	(20.00)		–	
Re-measurement of the defined benefit plan	(369.51)		(413.55)	
Excess provision written back	(579.48)		(230.28)	
Provision for Doubtful debts written back	(63.03)		(11.00)	
Provision for Doubtful debts/Bad Debts	249.94		279.40	
		1,779.13		1,310.55
<b>Operating Profit Before Working Capital Changes:</b>		21,174.18		24,304.97
Adjustment For:				
Trade and Other Receivables	(5,287.59)		1,874.08	
Inventories	(1,356.28)		(1,218.53)	
Trade Payable	1,861.12		(63.87)	
		(4,782.75)		591.68
Cash Generated From Operations		16,391.44		24,896.65
Direct Taxes Paid (net)		(4,086.70)		(4,783.73)
Net Cash from Operating Activities		12,304.74		20,112.92
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(3,655.64)		(15,617.08)	
Sale of Fixed Assets	785.74		268.85	
Purchase of Investment	(42,006.00)		(18,345.00)	
Sale of Investment	42,340.34		29,209.34	
Net investment in Bank deposit having maturity of more than 3 months	238.43		(239.58)	
(Increase)/Decrease in other bank balances	27.71		63.48	
Interest Received	168.56		129.00	
Dividend Received	20.00		–	
Net Cash used in Investing Activities		(2,080.86)		(4,530.99)

**CONSOLIDATED CASH FLOW STATEMENT (Contd.)**

For the year ended 31st March, 2018

(₹ in lakhs)

Particulars	2017-18		2016-17	
<b>C. Cash Flow from Financing Activities</b>				
Buy back of Shares including premium	(5,000.00)		-	
Proceeds/(Repayment) from/of Short Term Borrowing (Net)	395.00		(17,503.64)	
Interest Paid	(313.78)		(306.01)	
Dividend Paid (Including Dividend Distribution Tax)	(1,033.54)		(573.92)	
Net Cash Used in Financing Activities		(5,952.32)		(18,383.57)
Net Increase in Cash and Cash Equivalents		4,271.56		(2,801.65)
Cash and Cash Equivalents as at 01.04.17*	(2,147.31)		654.33	
Cash and Cash Equivalents as at 31.03.18*	2,124.25	4,271.56	(2,147.31)	(2,801.64)

\*Cash and Cash Equivalents comprises the following:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks	1,681.35	855.05
Cheques on hand	478.15	-
Cash on hand	24.47	18.82
Post Office Saving Account	0.60	0.60
Fixed Deposits with maturity of less than 3 months	609.71	-
	2,794.28	874.47
Less : Bank Overdraft	670.03	3,021.78
Cash and Cash Equivalents	2,124.25	(2,147.31)

Note: The Consolidated Cash Flow Statement is prepared using the " Indirect method" set out in Ind AS 7 - " Statement of Cash Flows".

**See accompanying notes to the financial statements****As per our report of even date****For Damania & Varaiya**Chartered Accountants  
Firm Registration No. 102079W**Bharat Jain**Partner  
Membership No. 100583

Place: Mumbai

Date : May 25, 2018

**For and on behalf of the Board of Directors****J. B. Mody**

Chairman &amp; Managing Director

**S. B. Mody**

Whole time Director (Marketing)

Place: Mumbai

Date : May 25, 2018

**D. B. Mody**

Whole time Director (Administration)

**Vijay D. Bhatt**

Chief Financial Officer

**M. C. Mehta**

Company Secretary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018

### 1. GENERAL INFORMATION

J. B. Chemicals & Pharmaceuticals Limited (the Holding Company) is a public limited company incorporated in India (CIN: L24390MH1976PLC019380) having its registered office in Mumbai. The consolidated financial statement comprises financials of the Holding company and its subsidiaries (referred to collectively as "the Group"). The Group is engaged in the business of manufacturing and marketing of diverse range of pharmaceuticals formulations, herbal remedies and APIs.

These consolidated financial statements for the year ended March 31, 2018 were approved for the issue by the Board of Directors vide their resolution dated May 25, 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant provisions of the Act and Rules thereunder.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

#### 2.2 PRINCIPLES OF CONSOLIDATION:

##### a) Business Combinations and Control:

In accordance with Ind AS 103, the Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The Holding Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### b) Consolidation Procedure:

The consolidated financial statements comprise of the financial statement of the Holding Company and its subsidiaries referred herein below. The financial statements of the Holding Company and its subsidiaries

have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra group transactions and unrealized profits resulting there from and are presented to the extent possible, in the same manner as the Holding Company's independent financial statements.

The difference between the Group costs of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be. The Goodwill recognized in the consolidated financial statements is tested for impairment, if any.

In case of foreign subsidiaries, revenue items are converted at the average rates 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".

The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Holding Company i.e. year ended March 31, 2018.

##### c) Non-Controlling Interest

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:

- I. The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made;
- II. The non-controlling interests' share of movements in equity since the date holding subsidiary relationship came into existence;
- III. The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and Consolidated Statement of Changes in Equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
OOO Unique Pharmaceutical Laboratories. *	Russia	100%	March 31 <sup>st</sup>
Unique Pharmaceutical Laboratoires FZE *	Dubai	100%	March 31 <sup>st</sup>
Biotech Laboratoires (Pty) Ltd. (Through Unique Pharmaceutical Laboratoires FZE)*	South Africa	95.24%	March 31 <sup>st</sup>

\* Audited by other Auditors'.

**2.3 CURRENT VERSUS NON-CURRENT CLASSIFICATION:**

The Group has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of the consolidated Financial Statements. The asset is treated as current when it is:

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

All other assets are classified as non-current.

All liabilities are current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**2.4 FUNCTIONAL AND PRESENTATION CURRENCY AND ROUNDING OFF OF THE AMOUNTS:**

The Functional and presentation currency of the Group is Indian rupees. Accordingly, all amounts disclosed in the consolidated financial statements and notes have been shown in Indian rupees and all values are shown in lakhs and rounded to two decimals except when otherwise indicated.

**2.5 REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment including excise duty collected which flows to the Group on its own account but excluding taxes or duties collected on behalf of the government.

The Group follows specific recognition criteria as described below before the revenue is recognized.

**a) Sale of goods**

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

**b) Export of Product Development Service**

Revenue from export of product development service is recognized upon by reference to the stage of completion of service and the amount of revenue can be measured reliably.

**c) Other Operating Revenue**

Other operating revenue comprises of following items:

- Manufacturing charges

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

- Export incentives
- Sale of scrap

Revenue from manufacturing charges is recognized on completion of contractual obligation of manufacturing and delivery of product manufactured.

Revenue from export incentives are recognized upon adherence to the compliance as may be prescribed with regard to export and / or realization of export proceeds as per foreign trade policy and its related guidelines.

Revenue from sale of scrap is recognized on delivery of scrap items.

**d) Other Income**

Other income comprises of interest income, dividend from investment and profits on redemption of investments and mark to market gain/loss on the investments which are held on the balance sheet date.

Interest income from financial assets is recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to the principal outstanding and at the effective rate applicable, which is the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably).

Profits/loss from redemption of investment is recognized upon exercise of power by the Group to redeem the investment held in any particular security/instrument (non-current as well as current investment).

**2.6 FOREIGN CURRENCY TRANSACTIONS:**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period

including year end translation of assets and liabilities are recognized in the consolidated Statement of Profit and Loss account.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or consolidated Statement of Profit and Loss are also recognized in OCI or consolidated Statement of Profit and Loss, respectively).

**2.7 GOVERNMENT GRANTS:**

Monetary government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The grant related to an expense item is recognized as income in the year in which it is received. The grant related to an asset in the form of EPCG License is recognized in the balance sheet as deferred income and is transferred to consolidated Statement of Profit and Loss in equal amounts over the periods during which obligation attached to the License is to be fulfilled. Grant in the form of cash benefit is recognized in the Balance Sheet as deferred income and it is transferred to consolidated Statement of Profit and Loss over the useful life of the concerned asset.

**2.8 EMPLOYEE BENEFITS:****Short Term and Other Long Term Employee Benefits:**

A liability is recognised for benefits accruing to employees in respect of short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

A liability is recognised for benefits accruing to employees in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****Long Term Employee Benefits:**• **Defined Contribution Plan:**

Payments to defined contributions retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contributions.

• **Defined Benefit Plan:**

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at end of each annual reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable), and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to consolidated Statement of Profit and Loss in subsequent periods. Past service cost is recognized in the consolidated Profit and Loss statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or assets. Defined benefit costs are categorized as follows:

- Service Cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement.

The Group presents the first two components defined benefit cost in the consolidated Statement of Profit and loss in the line items "Employee Benefit Expenses" and "Finance Cost" respectively. Curtailment gain and losses are accounted for as past service cost.

The retirement benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

**2.9 TAX EXPENSES:**

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the consolidated statement of profit and loss, except to the extent that it relates to the items recognised in the comprehensive income or in Equity. In which case, the tax is also recognised in the comprehensive income or in Equity.

**Current tax:**

Current tax payable is calculated based on taxable profit for the year. Current tax is recognized based on the amount expected to be paid to or recovered from the tax authorities based on applicable tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Current and deferred tax for the year are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from initial accounting for a business combination, the tax affect is included in the accounting for the business combination.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****Minimum Alternate Tax (MAT) Credit:**

MAT credit is recognized as Deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

**2.10 PROPERTY, PLANT AND EQUIPMENT**

Freehold Land is stated at historical cost.

Premium paid for the leasehold land is amortized over the lease period.

All other items of property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in the consolidated statement of profit and loss account as and when incurred.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital work-in-progress.

Cost of the assets less its residual value (estimated at 5% of the cost) is depreciated over its useful life. Depreciation is calculated on a straight line basis over the useful life of the assets.

The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

**2.11 INTANGIBLE ASSETS:**

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

impairment losses. Internally generated intangibles are not capitalized and the related expenditure is reflected in the consolidated Statement of Profit and Loss in the period in which the expenditure is incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets other than Product Dossiers are amortized on a straight line basis over a period of 3 years. The useful lives of intangible assets like Product Dossiers are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated Statement of Profit and Loss when the asset is derecognized.

**2.12 BORROWING COSTS:**

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the consolidated Statement of Profit and Loss account in the year in which they are incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****2.13 IMPAIRMENT OF ASSETS:**

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or Group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the consolidated Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**2.14 INVENTORIES:**

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Average method. The cost of work in progress (other than those lying at third party manufacturing site which is valued at material cost) and finished goods comprise direct material, direct labour and other direct cost and related production overheads.

**2.15 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the consolidated statement of profit and loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**Contingent liability:**

Contingent liability is disclosed in the case:

- When there is a possible obligation which could arise from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- A present obligation that arises from past events but is not recognized as expense because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

**Commitments:**

- Commitments include the value of the contracts for the acquisition of the assets net of advances.

**Contingent asset:**

- Contingent asset is disclosed in case a possible asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**2.16 LEASE:**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is considered as a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognized as an expense in the consolidated Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****2.17 FINANCIAL INSTRUMENTS:**

The Group recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

**I. Financial Assets:****Initial recognition and measurement:**

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

**Subsequent measurement:**

For subsequent measurement, the Company classifies financial asset in following broad categories:

- Financial asset carried at amortized cost.
- Financial asset carried at fair value through other comprehensive income (FVTOCI).
- Financial asset carried at fair value through profit and loss (FVTPL).

**Financial asset carried at amortized cost (net of any write down for impairment, if any):**

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the consolidated statement of profit and loss. Cash and bank balances, trade receivables, loans and other financial asset of the Group are covered under this category.

Under the EIR method, the future cash receipts are exactly discounted to the initial recognition value

using EIR. The cumulative amortization using the EIR method of the difference between the initial recognition amount and maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at amortized cost at each reporting date. The corresponding effect of the amortization under EIR method is recognized as interest income over the relevant period of the financial asset. The same is included under "other income" in the consolidated statement of profit and loss. The amortized cost of the financial asset is also adjusted for loss allowance, if any.

**Financial asset carried at FVTOCI:**

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

**Financial asset carried at FVTPL:**

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the consolidated statement of profit and loss.

**Other Equity Investments:**

All other equity investments are measured at fair value, with value changes recognised in the consolidated statement of profit and loss.

**Derecognition:**

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Group has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

**Impairment of financial asset:**

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12 months ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

For trade receivables the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated Statement of Profit and Loss under the head 'Other expenses'.

**II. Financial liabilities:****Initial recognition and measurement:**

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Group classifies all financial liabilities as subsequently measured at amortized cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**Subsequent measurement:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the consolidated profit

and loss when the liabilities are derecognized as well as through EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance costs in the consolidated statement of profit and loss.

**Derecognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit and loss.

**III. Derivative financial instrument:**

Group uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency fluctuation risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of heading instrument is recognized in the consolidated statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**Derecognition:**

On derecognition of hedged item, the unamortized fair value, of the hedging instrument adjusted to the hedged items is recognized in the consolidated statement of profit and loss.

**2.18 FAIR VALUE:**

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs that are unobservable for the asset or liability.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.19 EMPLOYEE STOCK OPTION PLAN:**

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employee Stock Option Scheme" (ESOP) of the Holding company is amortized on straight line basis over the vesting period as "Deferred Employee Compensation".

**2.20 RESEARCH AND DEVELOPMENT EXPENDITURE:**

Revenue expenditure on research and development is charged to the consolidated statement of profit and loss in the year in which it is incurred. Capital expenditure on research and development is treated as fixed assets.

**2.21 CASH AND CASH EQUIVALENT:**

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.22 CASH FLOW STATEMENTS:**

Cash flows are reported using the indirect method, whereby the consolidated net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of Group are segregated.

**3. STANDARD ISSUED BUT NOT YET EFFECTIVE**

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 1, 2018.

**a) Issue of Ind AS 115 - Revenue from Contracts with Customers**

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

**b) Amendment to Existing issued Ind AS**

The MCA has also carried out amendments of the following accounting standards:

Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

Ind AS 40 - Investment Property

Ind AS 12 - Income Taxes

Ind AS 28 - Investments in Associates and Joint Ventures and

Ind AS 112 - Disclosure of Interests in Other Entities

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

**4. KEY ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS:**

The preparation of the Group's consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group evaluates these estimates and assumptions based on the most recently available information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a) Income taxes and Deferred tax assets:**

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The management assumes that taxable profit will be available while recognizing the deferred tax assets.

**b) Property, Plant and Equipment:**

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life as prescribed in the Schedule II of the Companies Act, 2013 and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**c) Intangible assets:**

Internal technical or user team assesses the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

**d) Impairment of non-financial assets:**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

**e) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**f) Recognition and measurement of defined benefit obligation:**

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## g) Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

## h) Contingencies:

Management Judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against Group as it is not possible to predict the outcome of pending matters with accuracy.

## i) Allowances for uncollected trade receivable and advances:

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated amounts which are irrecoverable. Individual trade receivables are written off when management deems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgment in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

## 5. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciaion				Net Block		
	As at April 1, 2017	Additions	Disposals	As at March 31, 2018	As at April 1, 2017	Depreciation charge for the year	On disposals	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Land (Freehold)	57.16	-	-	57.16	-	-	-	-	57.16	57.16
Land (Leasehold)	1,423.20	-	-	1,423.20	114.41	15.22	-	129.63	1,293.57	1,308.79
Factory Buildings	20,774.90	184.06	-	20,958.96	4,396.93	630.97	-	5,027.90	15,931.06	16,377.97
Other Buildings (Note 1)	5,816.86	-	-	5,816.86	324.78	94.28	-	419.06	5,397.80	5,492.08
Plant & Equipments	51,365.77	1,088.78	-	52,454.55	24,274.81	3,674.02	-	27,948.83	24,505.72	27,090.96
Furniture & Fixtures	3,327.81	44.43	22.15	3,350.08	1,100.87	258.78	22.15	1,337.50	2,012.58	2,226.94
Vehicles	1,673.61	418.47	185.22	1,906.86	909.88	191.65	157.01	944.52	962.34	763.73
Office Equipments	3,011.93	446.68	-	3,458.61	2,135.64	305.72	-	2,441.36	1,017.25	876.29
Airconditioners	7,306.89	95.71	-	7,402.60	1,773.78	435.19	-	2,208.97	5,193.63	5,533.11
<b>Total</b>	<b>94,758.13</b>	<b>2,278.13</b>	<b>207.37</b>	<b>96,828.88</b>	<b>35,031.10</b>	<b>5,605.83</b>	<b>179.16</b>	<b>40,457.77</b>	<b>56,371.11</b>	<b>59,727.03</b>
Previous year	67,740.04	27,256.20	238.11	94,758.13	30,584.80	4,611.79	165.49	35,031.10	59,727.03	37,155.25

## 6. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Gross Block			Accumulated Amortisation				Net Block		
	As at April 1, 2017	Additions	Deductions	As at March 31, 2018	As at April 1, 2017	Amortisation for the year	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Trade Marks	3.67	-	-	3.67	3.66	-	-	3.66	0.01	0.01
Computer Software	1,046.73	13.53	2.97	1,057.29	875.48	91.54	2.96	964.05	93.24	171.25
Product Dossier	2,732.14	-	560.16	2,171.98	-	-	-	-	2,171.98	2,732.14
<b>Total</b>	<b>3,782.54</b>	<b>13.53</b>	<b>563.13</b>	<b>3,232.94</b>	<b>879.14</b>	<b>91.54</b>	<b>2.96</b>	<b>967.71</b>	<b>2,265.23</b>	<b>2,903.40</b>
Previous year	2,321.22	1,473.63	12.31	3,782.54	768.49	110.65	-	879.14	2,903.40	1,552.73

Note:

- Value of buildings includes a sum of ₹ 3000/- being the cost of shares in the societies.
- No depreciation has been claimed on assets to the extent of cenvat/GST claimed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

### 7. NON CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
<b>A.</b>	<b>Investment in Equity Instruments (unquoted)</b>		
	<b>(At Fair Value through Profit &amp; Loss)</b>		
	5,866 (Previous year 5,866) Equity Shares of ₹ 10/- each of Bharuch Enviro Infrastructure Ltd.	0.59	0.59
	612,032 (Previous year 612,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech Ltd.	61.20	61.20
	20,000 (Previous year 20,000) Equity Shares of ₹ 10/- each of Enviro Technology Ltd.	2.00	2.00
	60,000 (Previous year 60,000 ) Equity Shares of ₹ 10/- each of Panoli Enviro Technology Ltd.	6.00	6.00
	50,000 (Previous year 50,000 ) Equity Shares of ₹ 10/- each of Ankleshwar Research & Analytical Infrastructure Ltd.	5.00	5.00
	2,000,000 (Previous year 2,000,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	935.18	828.56
		<b>1,009.97</b>	903.35
	<b>Total Investment in Equity Instruments</b>	<b>1,009.97</b>	903.35
<b>B.</b>	<b>In Government Securities : Unquoted (At amortized cost):</b>		
	National Saving Certificates	0.29	0.29
	<b>Total</b>	<b>0.29</b>	0.29
<b>C.</b>	<b>In Mutual Funds : Quoted (At fair value through Profit &amp; Loss)</b>		
	Nil (Previous year 17,000,000) units of ₹ 10/- each of HDFC FMP 371 D July 2013(1) Growth	-	2,322.00
	Nil (Previous year 15,000,000) units of ₹ 10/- each of Birla Sun Life Interval Income Fund-Annual Plan IX (368 Days)- Growth	-	2,027.40
	Nil (Previous year 10,000,000 ) units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series HL (366 Days)- Growth	-	1,371.11
	Nil (Previous year 10,000,000 ) units of ₹ 10/- each of HDFC FMP 370D August 2013 (3)- Growth	-	1,370.84
	Nil (Previous year 5,000,000) units of ₹ 10/- each of HDFC FMP 370D February 2014 (1)- Growth	-	649.13
	Nil (Previous year 5,400,000) units of ₹ 10/- each of DSP Black Rock FMP - Series 146 - 12M - Growth	-	701.84
	Nil (Previous year 5,000,000) units of ₹ 10/- each of HDFC FMP 369D February 2014 (2)- Growth	-	649.05
	Nil (Previous year 5,000,000) units of ₹ 10/- each of HDFC FMP 371D February 2014 (2)- Growth	-	647.10
	10,000,000 (Previous year 10,000,000) units of ₹ 10/- each of HDFC FMP 370D March 2014 (1)- Growth	<b>1,381.46</b>	1,293.67
	Nil (Previous year 10,000,000) units of ₹ 10/- each of ICICI Prudential FMP Series 73-366 D- Growth	-	1,288.12
	Nil (Previous year 10,000,000) units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series KN (366 Days)- Growth	-	1,287.19
	Nil (Previous year 16,366,200) units of ₹ 10/- each of IDFC Fixed Term Plan Series 85-369D Growth	-	2,095.64
	Nil (Previous year 10,000,000) units of ₹ 10/- each of ICICI Prudential FMP Series 73-368 D-Plan M Growth	-	1,277.76

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Nil (Previous year 5,500,000) units of ₹ 10/- each of DSP Black Rock FMP Series 161-12 Month Growth	-	699.71
10,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 210-36 M-Direct- Growth	1,064.25	-
5,000,000(Previous year Nil) units of ₹ 10/- each of HDFC FMP 1165D April 2017 (1)-Direct Growth- Series 38	533.20	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 221-40M- Regular- Growth	202.64	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 223-39M- Regular- Growth	201.80	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of DSP Black Rock FMP Series 226-39M- Regular- Growth	200.73	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of IDFC Fixed Term Plan Series 144-1144Day - Growth	200.76	-
2,000,000 (Previous year Nil) units of ₹ 10/- each of HDFC FMP 1147 Days March 2018 (1) series 39 Direct- Growth	200.69	-
<b>Total</b>	<b>3,985.53</b>	17,680.56
<b>Total Non Current Investment</b>	<b>4,995.79</b>	18,584.20
Aggregate amount of quoted investments - At Cost	3,500.00	13,426.62
Aggregate amount of quoted investments - At Market Value	3,985.53	17,680.56
Aggregate amount of unquoted investments	1,010.26	903.64
<b>Category-wise Non current investment</b>		
Financial assets measured at fair value through Profit & Loss	4,995.50	18,583.91
Financial assets carried at amortised cost	0.29	0.29
<b>8. NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		(₹ in lakhs)
<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Unsecured Considered Doubtful	10.04	10.04
Less: Provision for Doubtful Debts	10.04	10.04
<b>Total</b>	<b>-</b>	<b>-</b>
<b>9. NON CURRENT FINANCIAL ASSETS - LOANS</b>		(₹ in lakhs)
<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Advances to Employees	19.87	30.43
Security Deposits for leased premises	312.80	298.51
<b>Total</b>	<b>332.67</b>	328.94
<b>10. NON CURRENT FINANCIAL ASSETS - OTHERS</b>		(₹ in lakhs)
<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Other Security Deposits	328.99	329.48
Fixed Deposit having maturity more than 12 months #	15.11	20.78
#Includes ₹ Nil (Previous year ₹ 7.60 lakhs) held as security against bank guarantee		
<b>Total</b>	<b>344.10</b>	350.26

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 11. NON CURRENT ASSETS - OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Advances	337.97	263.91
Prepaid Expenses	51.85	16.63
Prepaid Lease Rent	36.26	50.22
<b>Total</b>	<b>426.08</b>	<b>330.76</b>

## 12. CURRENT ASSETS - INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials (stock-in-transit ₹ 935.22, Previous year ₹ Nil)	6,498.13	5,274.99
Packing Materials	2,366.85	2,029.79
Work-in-progress	1,981.00	1,414.03
Finished goods (stock-in-transit ₹ 407.85, Previous year ₹ 470.74)	8,807.00	9,983.67
Stock-in-trade	1,695.32	1,276.40
Fuel	24.84	37.98
<b>Total</b>	<b>21,373.14</b>	<b>20,016.86</b>

## 13. CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>In Mutual Funds : (At Fair Value)</b>		
7,381,837.65 (Previous year 7,381,837.65) units of ₹ 10/- each of Birla Sun Life Dynamic Bond Fund-Retail- Growth	2,213.26	2,143.24
6,628,677.94 (Previous Year 6,628,677.94) units of ₹ 10/- each of Birla Sun life Short Term Fund-Growth	4,404.54	4,127.80
9,600,000 (Previous year 9,600,000) units of ₹ 10/- each of HDFC Short Term Opportunities Fund- Growth	1,840.77	1,726.84
112,584.469 (Previous year 112,584.469) units of ₹ 1,000/- each of DSP Black Rock strategic bond- Institutional Plan- Growth	2,274.35	2,206.82
14,960,414.311 (Previous year 14,960,414.311) units of ₹ 10/- each of HDFC Medium Term Opportunities Fund Post Growth	2,888.99	2,708.96
1,258,152.830 (Previous year 1,258,152.830) units of ₹ 10/- each of Birla Sun Life Treasury Optimiser Plan Growth	2,787.64	2,619.31
671,214.160 (Previous year 671,214.160) units of ₹ 10/- each of HDFC Balanced Fund Growth	978.66	879.75
614,895.941 (Previous year 614,895.941) units of ₹ 10/- each of ICICI Prudential Balanced Fund Growth	768.01	702.58
562,478.145 (Previous year 562,478.145) units of ₹ 10/- each of Franklin India Balanced Fund Growth	631.87	586.45
14,217,069.097 (Previous year 4,066,953.677) units of ₹ 10/- each of HDFC Medium Term Opportunities Fund Direct Growth	2,759.21	739.27
11,225,181.561 (Previous year 3,631,279.845) units of ₹ 10/- each of ICICI Prudential Income Opportunities Fund Direct Growth	2,779.35	847.04
1,192,242.539 (Previous year 401,795.826 ) units of ₹ 10/- each of Birla Treasury Optimizer Fund Direct Growth	2,676.86	845.15
21,310,563.677 (Previous year 12,249,128.427 ) units of ₹ 10/- each of IDFC Corporate Bond Fund Direct Growth	2,550.94	1,373.85

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
485,440.146 (Previous year 485,440.146 ) units of ₹ 10/- each of DSP BlackRock Balance Fund - Growth	691.43	637.69
1,692,906.721 (Previous year 1,692,906.721 ) units of ₹ 10/- each of ICICI Prudential Long Term Fund Direct Growth	376.46	351.41
42,693.24 (Previous year Nil) units of ₹ 10/- each of DSP BlackRock Liquidity Fund Growth	1,061.06	-
18,565,450.072 (Previous year Nil) units of ₹ 10/- each of HDFC Banking and PSU Debt Fund- Growth	2,634.17	-
7,434,577.867 (Previous year Nil) units of ₹ 10/- each of ICICI Banking and PSU Debt Fund- Growth	1,485.28	-
4,519,447.180 (Previous year Nil) units of ₹ 10/- each of DSP BlackRock Bond Fund- Growth	2,573.75	-
<b>Total</b>	<b>38,376.60</b>	22,496.16
Aggregate amount of quoted investments - At Cost	31,793.22	17,858.52
Aggregate amount of quoted investments - At Market Value	38,376.60	22,496.16

## 14. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
Considered Good	30,424.30	26,811.62
Less: Allowance as per expected credit loss model	351.34	215.00
	30,072.96	26,596.62
Considered Doubtful	121.66	137.48
Less : provision for Doubtful Debts	121.66	137.48
	-	-
<b>Total</b>	<b>30,072.96</b>	26,596.62

## 15. CURRENT FINANCIAL ASSETS - CASH AND BANK BALANCE

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalents</b>		
Balances with banks	1,681.35	855.05
Cheques on hand	478.15	-
Cash on hand	24.47	18.82
Post Office Saving Account	0.60	0.60
Fixed Deposits with maturity of less than 3 months	609.71	-
	2,794.28	874.47

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Other Bank balance</b>		
Unclaimed Dividend A/cs *	196.89	224.60
Fixed Deposits with maturity of more than 3 months but less than 12 months	1.15	239.58
	198.04	464.18
<b>Total</b>	<b>2,992.32</b>	1,338.65

\*The amount is to be utilised towards settlement of respective unpaid dividends.

## 16. CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Loans & Advances to Employees	87.91	77.60
Loans to others	–	15.01
<b>Total</b>	<b>87.91</b>	92.61

## 17. CURRENT FINANCIAL ASSETS - OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Security Deposits	72.45	69.90
Other Advances	1.99	3.18
Accrued interest on Deposits	4.83	5.90
<b>Total</b>	<b>79.27</b>	78.98

## 18. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Taxes paid	46,967.54	–
Less: Provision for taxes	46,138.08	–
<b>Total</b>	<b>829.46</b>	–

## 19. CURRENT ASSETS - OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advances to Suppliers	1,271.51	420.89
Prepaid Expenses	706.15	512.33
Lease rent - deferred	21.86	21.66
Balance with Government Authorities	8,484.14	7,018.17
Other Receivables	404.47	896.09
<b>Total</b>	<b>10,888.12</b>	8,869.14

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 20. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Authorised</b>		
101,500,000 (Previous year 101,500,000) Equity Shares of ₹ 2/- each	2,030.00	2,030.00
<b>Issued, Subscribed &amp; Fully Paid up</b>		
83,569,975 (Previous year 84,819,975) Equity Shares of ₹ 2/- each	1,671.40	1,696.40

## Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	₹ in lakhs	Number	₹ in lakhs
Shares Outstanding at the beginning of the year	84,819,975	1,696.40	84,819,975	1,696.40
Less : Buy-back of Shares	1,250,000	25.00	-	-
Shares outstanding at the year end	83,569,975	1,671.40	84,819,975	1,696.40

The Company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions.

## Buy-back of Equity Shares

The Board of Directors of Holding Company, at its meeting held on May 23, 2017, approved a proposal for the Holding Company to buy-back its fully paid up equity shares of face value of ₹ 2/- each from the eligible equity shareholders of the Holding Company for an amount not exceeding ₹ 5,000 lakhs, representing 3.85% of the paid up equity share capital and free reserves (including securities premium account) as per audited standalone financial statement of the Holding Company as at March 31, 2017 and was within the statutory limit applicable for buy-back with authority of Board of Directors. The Buy-back offer comprised a purchase of 1,250,000 equity shares representing 1.47% of the paid up equity shares of the Holding Company at a price of ₹ 400/- per Equity share. The buy-back was offered to all eligible equity shareholders of the Holding Company as on the Record Date (i.e June 2, 2017) on a proportionate basis through the "Tender offer" route. The Holding Company completed the buy-back on July 25, 2017 and 1,250,000 equity shares were extinguished on July 27, 2017. The Holding Company has funded the buy-back from its general reserve. In accordance with Section 69 of the Companies Act, 2013, the Holding Company has created 'Capital Redemption Reserve' of ₹ 25 lakhs equal to the nominal value of the shares bought back as an appropriation from general reserve.

## Details of Shareholders holding more than 5% shares.

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No of Shares	% of Holding	No of Shares	% of Holding
Jyotindra B. Mody	5,300,518	6.34	5,371,905	6.33
Dinesh Bhagwanlal Mody	4,675,950	5.60	4,738,932	5.59
Shirish Bhagwanlal Mody	4,989,120	5.97	5,056,312	5.96
Kumud Dinesh Mody	4,775,627	5.71	4,839,984	5.71
Bharati S. Mody	4,897,050	5.86	4,963,002	5.85
Pallavi Bharat Mehta	5,132,089	6.14	5,201,207	6.13
Pranabh Dinesh Mody	4,874,523	5.83	4,940,172	5.82
Nirav Shirish Mody	4,918,735	5.89	4,984,979	5.88

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 21. OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves and Surplus									Other Comprehensive Income-remeasurement of net defined benefit plan	Total
	Capital Reserves (transferred from amalgamating company)		Other Reserves								
	Investment allowance Reserve (utilised)	Capital Reserve	Capital Reserve	Contingency Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation reserve		
Balance as on April 1, 2016	34.86	63.53	4.21	2,020.00	5,076.82	-	47,227.26	62,765.65	(473.92)	(30.98)	116,687.43
Profit for the year	-	-	-	-	-	-	-	18,406.27	-	-	18,406.27
Dividend including Dividend Distribution Tax	-	-	-	-	-	-	-	(510.44)	-	-	(510.44)
Re-measurement of the defined benefit plan net of deferred tax	-	-	-	-	-	-	-	-	-	(270.43)	(270.43)
Foreign currency translation reserve	-	-	-	-	-	-	-	-	357.67	-	357.67
<b>Balance as on March 31, 2017</b>	<b>34.86</b>	<b>63.53</b>	<b>4.21</b>	<b>2,020.00</b>	<b>5,076.82</b>	<b>-</b>	<b>47,227.26</b>	<b>80,661.48</b>	<b>(116.25)</b>	<b>(301.41)</b>	<b>134,670.50</b>
Profit for the year	-	-	-	-	-	-	-	13,834.09	-	-	13,834.09
Dividend including Dividend Distribution Tax	-	-	-	-	-	-	-	(1,005.83)	-	-	(1,005.83)
Transfer to Capital Redemption Reserve on buy-back of shares	-	-	-	-	-	-	(25.00)	-	-	-	(25.00)
Transfer from General Reserve on buy-back of shares	-	-	-	-	-	25.00	-	-	-	-	25.00
Re-measurement of the defined benefit plan net of deferred tax	-	-	-	-	-	-	-	-	-	(241.63)	(241.63)
Buy-back of shares	-	-	-	-	-	-	(4,975.00)	-	-	-	(4,975.00)
Reclassification of Retained earnings	-	-	-	-	-	-	-	(578.21)	578.21	-	-
Foreign currency translation reserve	-	-	-	-	-	-	-	-	202.27	-	202.27
<b>Balance as on March 31, 2018</b>	<b>34.86</b>	<b>63.53</b>	<b>4.21</b>	<b>2,020.00</b>	<b>5,076.82</b>	<b>25.00</b>	<b>42,227.26</b>	<b>92,911.53</b>	<b>664.23</b>	<b>(543.04)</b>	<b>142,484.40</b>

**Nature and purpose of Reserves****A. Capital Reserves (transferred from amalgamating company)**

This Reserve was created on amalgamation of J. B. Chemicals and Pharmaceuticals Pvt. Ltd. with this Company w.e.f. April 1, 1984 (appointed date).

**B. Capital Reserve**

Arose pursuant to forfeiture and reissue of shares.

**C. Contingency Reserve**

This Reserve has been created out of retained earnings, as a matter of prudence, to take care of any unforeseen adverse contingencies.

**D. Securities Premium Reserve**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as Securities Premium Reserve.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****E. Capital Redemption Reserve**

Transfer from General Reserve on account of buy back of shares as per Section 69 of the Companies Act, 2013.

**F. General Reserve**

The Holding Company has transferred a portion of the net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to General Reserve is not required under the Companies Act, 2013

**G. Retained Earnings**

Retained Earnings are the profits that the Group has earned till date, less any transfer to General Reserve, dividends or other distribution paid to shareholders.

**H. Foreign Currency Translation Reserve**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the Other Comprehensive Income and accumulated in Foreign Currency Translation Reserve.

**22. NON CURRENT LIABILITIES – PROVISION**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Provision for Employee Benefits</b>		
Gratuity	422.28	766.24
Leave Encashment	545.08	489.96
<b>Total</b>	<b>967.36</b>	1,256.20

**23. DEFERRED TAX LAIBILITIES (NET)**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Deferred Tax Liability</b>		
Depreciation	5,126.97	4,488.78
Fair Valuation of Mutual Fund	1,630.93	2,046.85
Fair Valuation of Equity shares	169.62	145.02
	<b>6,927.52</b>	6,680.65
<b>Deferred Tax Assets</b>		
Retirement Benefits	750.53	681.09
MAT credit entitlement	999.47	2,923.71
Others	1,938.94	2,029.46
	<b>3,688.94</b>	5,634.26
<b>Total</b>	<b>3,238.58</b>	1,046.39

**24. NON CURRENT LIABILITIES – OTHERS**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Government Grant	360.01	395.48
<b>Total</b>	<b>360.01</b>	395.48

Government grant has been received for the purpose of purchase of certain items of Property, Plant & Equipment. The condition against which the grant is given is the export obligation to be done within certain period which is not yet elapsed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****25. CURRENT FINANCIAL LIABILITIES – BORROWINGS**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured (At amortised cost)#</b>		
Bank Overdraft:		
in Foreign Currency	81.66	–
in Indian Rupees	588.37	3,021.78
Working Capital Demand Loan	2,000.00	1,500.00
	2,670.03	4,521.78
<b>Unsecured (At amortised cost)</b>		
Deposit from Distributors / Customers	259.25	259.25
Inter Corporate Deposits from related parties	–	105.00
	259.25	364.25
<b>Total</b>	<b>2,929.28</b>	<b>4,886.03</b>

#Secured borrowings from bank comprises of following:

- 1) ₹ 2,588.37 lakhs (Previous year ₹ 4,521.78 lakhs) borrowed by Holding Company is secured by first pari passu charge on the stocks and book debts of the Holding Company.
- 2) ₹ 81.66 lakhs (Previous year ₹ Nil) borrowed by Unique Pharmaceutical Laboratories FZE (a subsidiary company) is secured against corporate guarantee of Holding Company.

**26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Payable to Micro, Small and Medium Enterprises	74.50	104.53
Payable to Others	10,965.00	9,793.18
<b>Total</b>	<b>11,039.50</b>	<b>9,897.71</b>

The details of amount outstanding to Micro, Small and Medium Enterprise based on available information with the Company is as under:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	74.50	104.53
Interest due thereon	–	–
b) The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006.	–	–
c) The amount of payment made to supplier beyond the appointed day during the each accounting year.	357.05	868.92
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	–	–
e) The amount of interest accrued and remaining unpaid at the end of each accounting year.	97.74	91.39
f) The amount of further interest remaining due and payable even in succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of Micro, Small and Medium Enterprise Development Act, 2006.	6.35	6.96

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

The delayed payment has been computed having regard to specified credit period of 45 days under Micro, Small and Medium Enterprise Development Act, 2006. However there is no delay in terms of agreed credit terms with these suppliers.

**27. CURRENT FINANCIAL LIABILITIES - OTHERS**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Unclaimed Dividends	196.89	224.60
Creditors for capital expenditure	369.88	1,689.68
Forward contract payable	8.77	196.00
Other payables	10,211.81	9,259.98
Security Deposit from Customers	6.00	6.00
<b>Total</b>	<b>10,793.35</b>	<b>11,376.26</b>

**28. CURRENT LIABILITIES - OTHERS**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from Customers	764.70	372.74
Outstanding Purchase Consideration (Undischarged liabilities of vendors)	-	0.10
Deferred Government Grant	84.25	82.13
Other payable	311.18	383.47
<b>Total</b>	<b>1,160.13</b>	<b>838.44</b>

**29. CURRENT LIABILITIES - PROVISIONS**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>		
Gratuity	1,157.19	677.31
Leave Encashment	395.31	357.70
<b>Total</b>	<b>1,552.50</b>	<b>1,035.01</b>

**30. CURRENT TAX LIABILITIES (NET)**

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Taxes	15.29	41,312.36
Less: Taxes Paid	-	41,224.97
<b>Total</b>	<b>15.29</b>	<b>87.39</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## A. The major components of income tax expense for the year are as under: (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>i. Income tax recognized in the statement of profit and loss</b>		
<b>Current Tax:</b>		
Current tax on profit for the year	4,948.66	4,829.49
MAT credit Entitlement	-	(1,572.00)
Earlier year's tax	160.72	-
<b>Deferred tax :</b>		
Deferred Tax expenses	413.74	1,297.10
<b>Total Income tax recognized in the statement of profit and loss</b>	<b>5,523.12</b>	<b>4,554.59</b>
<b>ii. Income tax recognized in other comprehensive income</b>		
<b>Deferred tax :</b>		
Deferred Tax expenses on re-measurement of the defined benefit plan	127.88	143.12
<b>Total Income tax recognized in other comprehensive income</b>	<b>127.88</b>	<b>143.12</b>

## B. Reconciliation of tax expense and the accounting profit for the year is under: (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Accounting Profit before income tax expenses	19,395.06	22,994.41
Enacted tax rate in India (%)	34.61	34.61
Expected income tax expense	6,712.24	7,957.91
<b>Tax effect of :</b>		
Expenses not deductible	898.33	401.18
Allowances and concessions	(1,985.11)	(3,279.21)
Deductible expenses (Net)	(176.26)	(258.22)
Non taxable subsidiaries and effect of differential tax rate under various jurisdiction	(86.80)	(267.07)
Tax expenses	5,362.40	4,554.59
Adjustment recognised in current year in relation to the current tax of earlier years	160.72	-
Tax expenses recognized in statement of profit and loss	5,523.12	4,554.59
Effective tax rate (%)	27.65	19.81

## 31. REVENUE FROM OPERATIONS (₹ in lakhs)

Particulars	2017-2018	2016-2017
<b>Sales of Products :</b>		
Sale of Pharmaceuticals Products	138,179.41	132,851.80
Export of Product Development Service	496.85	386.31
Add: Exchange Rate Difference	(78.63)	468.72
	<b>138,597.63</b>	<b>133,706.83</b>
<b>Other Operating Revenues :</b>		
Manufacturing Charges	86.06	93.32
Export Incentives	2,089.12	2,554.97
Sale of Scrap	256.73	289.99
Government Grant	87.91	47.08
Insurance Claims	24.67	28.70
Others	209.08	110.81
	<b>2,753.57</b>	<b>3,124.87</b>
<b>Total</b>	<b>141,351.20</b>	<b>136,831.70</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 32. OTHER INCOME

(₹ in lakhs)

Particulars	2017-2018	2016-2017
Interest Income		
Bank Deposit	81.89	32.36
Others	85.61	85.53
Dividend from Investment	20.00	–
Profit on sale of Investment	4,322.41	4,436.49
Fair value changes of Investment designated as FVTPL	(1,696.04)	(361.65)
Profit on sale of Assets (Net)	197.36	183.92
Provision for Doubtful debts written back	63.03	11.00
Excess provision written back	579.48	230.28
Others	3.96	397.77
<b>Total</b>	<b>3,657.70</b>	<b>5,015.70</b>

## 33. COST OF MATERIAL CONSUMED

(₹ in lakhs)

Particulars	2017-2018	2016-2017
Opening Inventories	7,304.78	6,455.93
Purchases	40,261.88	37,558.21
	47,566.66	44,014.14
Less: Closing Inventories	8,864.98	7,304.78
<b>Total</b>	<b>38,701.68</b>	<b>36,709.36</b>

## 34. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	2017-2018	2016-2017
Salaries and Other Benefits	23,018.10	19,881.99
Contribution to Provident Fund and Other Funds	1,476.65	1,342.76
Gratuity	233.77	178.36
Staff Welfare	381.35	331.05
<b>Total</b>	<b>25,109.87</b>	<b>21,734.16</b>

## 35. FINANCE COST

(₹ in lakhs)

Particulars	2017-2018	2016-2017
<b>Interest Expenses :</b>		
Interest on working capital borrowings	232.38	206.85
Applicable net loss on foreign Currency transactions and translations	–	190.60
Interest cost Employee Benefit	81.40	93.12
<b>Other Borrowing Cost :</b>		
Loan Processing Charges	21.07	30.74
Guarantee Charges	14.36	15.85
<b>Total</b>	<b>349.21</b>	<b>537.16</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****36. OTHER EXPENSES**

(₹ in lakhs)

Particulars	2017-2018	2016-2017
Manufacturing charges	818.19	731.71
Stores and spares	564.62	692.65
Power and fuel	5,828.03	5,489.14
Excise duty	459.74	2,403.31
Compensation rent	1,162.55	1,027.26
Rates and taxes	154.19	168.09
Insurance	253.50	306.58
Freight and transport charges	5,385.81	4,357.36
Repairs to :		
Building	224.36	386.19
Machinery	917.79	678.61
Others	766.16	1,253.51
Loss on sale/discard of assets (Net)	24.99	-
Sales promotion and publicity	5,755.63	5,122.08
Selling commission	2,988.08	2,705.17
Travelling and conveyance	3,727.00	2,588.53
Labour Hire Charges	1,787.74	1,786.56
Laboratory Expenses	2,512.96	2,240.78
Director's fees	44.80	48.91
Royalty	1,005.30	1,017.33
Payment to Auditors :		
Audit fees	54.30	52.94
Tax Audit fees	-	12.00
Other Taxation matters	-	15.00
Certification matters	-	6.50
CSR Activity Expenses	295.41	265.23
Donations	11.89	38.61
Net loss on foreign currency transactions and translation	(121.91)	381.15
Bad Debts	76.66	-
Provision for doubtful debts/expected credit loss	173.28	279.40
Miscellaneous expenses	5,804.49	5,007.89
<b>Total</b>	<b>40,675.56</b>	<b>39,062.50</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

## 37. COMMITMENTS &amp; CONTINGENCIES:

## COMMITMENTS

- Capital Commitments: (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided (Net of Advance)	794.97	637.63

- Other Commitments:

The Holding Company has imported capital good including spares under the Export Promotion Capital Goods Scheme (EPCG) utilizing the benefit of zero rate or concessional rate of Customs duty. These benefits are subject to the fulfilment of certain export obligation within the stipulated period of time under the EPCG Scheme. Such export obligation remaining to be fulfilled at the year end is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Export obligations under EPCG Scheme	8,928.81	15,109.63

## CONTINGENCIES

- Claim against the Holding Company not acknowledged as debts

Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the Holding Company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹ 461.47 lakhs in respect of the Bulk Drug Metronidazole and a further sum of ₹ 591.05 lakhs in respect of the Bulk Drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the Bulk Drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The Company has filed Writ Petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & Writ Petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These Writ Petitions have been admitted and the Hon. High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the Writ Petition on the Company furnishing security as per the Orders. The Company has already furnished the Bank Guarantee of ₹ 402.35 lakhs as Security. As per the legal advice received by the Company, there is no liability and accordingly no provision is being made in the Accounts for these claims and demands.

Particulars	As at March 31, 2018	As at March 31, 2017
Central Excise & Service tax demands / show causes (against which the Company has made pre deposit of ₹ 14.47 lakhs, Previous year ₹ 7.17 lakhs)	615.58	594.67
Income Tax (against which the Company has made pre deposit of ₹ 7.63 lakhs, Previous year ₹ 7.63 lakhs)	308.96	308.96
Sales Tax (against which the Company has made pre deposit of ₹ 0.43 lakhs, Previous year ₹ 0.43 lakhs)	8.34	8.34
Letter of Credit opened by the Banks	2,661.11	1,487.54
Guarantees issued by bank on behalf of the Holding Company	1,451.49	1,443.09
Corporate guarantee given by the Holding Company to a bank in respect of loan taken by a Wholly Owned Subsidiary	2,606.80	2,594.40

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

38. Travelling expenses of field personnel include incidental expenses on conveyance, postage, stationery and miscellaneous expenses etc.
39. Excise Duty under "Other expenses" includes the differential excise duty on closing stock and opening stock of finished goods and excise duty paid on the goods distributed as free goods/medical samples amounting to ₹ (39.28) lakhs (Previous year ₹ 525.81 lakhs).
40. In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognized as part of sales as per the requirements of Ind AS 18. Accordingly, revenue from operation for the year ended March 31, 2018 are not comparable with the figures of the previous year.

**41. EMPLOYEE BENEFITS:****a. Defined Contribution Plan**

Contribution to defined contribution plan, recognized as expense for the year are as under: (₹ in lakhs)

Particulars	2017-18	2016-17
Employer's Contribution to Provident Fund & Family Pension Fund	1,093.11	923.28
Employer's Contribution to Superannuation Fund	208.44	205.74
Employer's Contribution to various Insurance Schemes	121.37	34.37
Employer's Contribution under various Government Schemes	35.57	161.28

**b. Defined Benefit Plan - Gratuity - Holding Company**

Gratuity is payable to all eligible employees of the Company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

**i. Changes in Present value of defined benefit obligation during the year**

(₹ in lakhs)

Particulars	2017-18	2016-17
Present value of defined benefit obligation at the beginning of the year	3,815.92	3,241.78
Interest Cost	288.87	261.61
Current Service Cost	221.91	166.76
Benefit paid from the Fund	(147.36)	(243.11)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(130.30)	128.29
Actuarial (Gains)/Losses on Obligations - Due to Experience	491.35	260.59
Present value of defined benefit obligation at the end of the year	4,540.39	3,815.92

**ii. Changes in fair value of plan assets during the year**

(₹ in lakhs)

Particulars	2017-18	2016-17
Fair value of plan assets at the beginning of the year	2,740.56	2,087.86
Interest Income	207.46	168.49
Contributions by the Employer	592.55	751.98
Benefit paid from the Fund	(147.36)	(243.11)
Return on plan assets, excluding interest income	(8.45)	(24.67)
Fair value of plan assets at the end of the year	3,384.76	2,740.56

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

iii. Net (asset)/liability recognized in the balance sheet <span style="float: right;">(₹ in lakhs)</span>		
Particulars	31-03-2018	31-03-2017
Present value of benefit obligation at the end of the year	4,540.39	3,815.92
Fair value of plan assets at the end of the year	(3,384.76)	(2,740.56)
Net (asset)/liability recognized in the Balance Sheet	1,155.63	1,075.36
Net liability - current (refer note no. 29)	733.35	677.31
Net liability - non current (refer note no. 22)	422.28	398.05
iv. Expenses recognized in the statement of profit and loss for the year <span style="float: right;">(₹ in lakhs)</span>		
Particulars	2017-18	2016-17
Current Service Cost	221.91	166.76
Net Interest Cost	81.40	93.12
<b>Expenses recognized</b>	<b>303.32</b>	<b>259.88</b>
v. Recognized in other comprehensive income for the year <span style="float: right;">(₹ in lakhs)</span>		
Particulars	2017-18	2016-17
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(130.30)	128.29
Actuarial (Gains)/Losses on Obligations - Due to Experience	491.35	260.59
Return on Plan Assets, Excluding Interest Income	8.45	24.67
<b>Net (Income)/Expense For the Period Recognized in OCI</b>	<b>369.51</b>	<b>413.55</b>
vi. Actuarial assumptions		
Particulars	2017-18	2016-17
Expected Return on Plan Assets (%)	7.86	7.57
Rate of Discounting (%)	7.86	7.57
Rate of Salary Increase (%)	4.00	4.00
Rate of Employee Turnover (%)	2.00	2.00
vii. Maturity profile of defined benefit obligation <span style="float: right;">(₹ in lakhs)</span>		
Particulars	2017-18	2016-17
Within 1 year	1,002.91	585.13
1-2 year	365.57	273.14
2-3 year	393.03	323.95
3-4 year	410.93	259.38
4-5 year	533.31	288.34
Above 5 years	1,738.22	1,719.16
viii. Sensitivity analysis for significant assumptions is as below: <span style="float: right;">(₹ in lakhs)</span>		
Particulars	31-03-2018	31-03-2017
Projected Benefit Obligation on Current Assumptions	4,540.39	3,815.92
Delta Effect of +1% Change in Rate of Discounting	(246.00)	(248.30)
Delta Effect of -1% Change in Rate of Discounting	281.61	284.72
Delta Effect of +1% Change in Rate of Salary Increase	289.84	292.21
Delta Effect of -1% Change in Rate of Salary Increase	(256.84)	(258.58)
Delta Effect of +1% Change in Rate of Employee Turnover	89.31	83.00
Delta Effect of -1% Change in Rate of Employee Turnover	(101.43)	(93.82)

## ix. Investment details:

The Company made annual contribution to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the investments made or the break-down of the plan assets by investment type.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****c. Defined Benefit Plan- Staff end-of-service benefits- Unique Pharmaceutical Laboratories FZE**

The Company made provision for the year of ₹ 11.86 lakhs (Previous year ₹ 11.60 lakhs) in respect of staff end-of-service benefits and accumulated liability in respect of staff end-of-service benefits is ₹ 423.84 lakhs (Previous year ₹ 368.19 lakhs) as of March 31, 2018 assuming that all the employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on actuarial basis as salary inflation and discount rate are likely to have approximately equal and opposite affects.

**42. SEGMENT REPORTING:**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision makers at respective entity level in assessing the performance and deciding on allocation of resources. The Group, accordingly has only one reportable business segment i.e. 'Pharmaceuticals'.

**43. DEFERRED TAX**

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

**As at March 31, 2018**

(₹ in lakhs)

Particulars	As at March 31, 2017	Recognized/ reversed through profit and loss	Recognized in other comprehensive income	MAT (utilized)/ availed	As at March 31, 2018
Tax effect of item constituting deferred tax liabilities					
i. Property, plant and equipment	4,488.78	638.19	-	-	5,126.97
ii. Fair valuation of financial instruments	2,191.87	(391.32)	-	-	1,800.55
	6,680.65	246.87	-	-	6,927.52
Tax effect of item constituting deferred tax assets					
i. Employee benefits	681.09	(58.44)	127.88	-	750.53
ii. MAT credit entitlement	2,923.71	-	-	(1924.24)	999.47
iii. Others	2,029.46	(108.43)	17.91	-	1,938.94
	5,634.26	(166.87)	145.79	(1924.24)	3,688.94
<b>Net deferred tax liability/ (asset)</b>	1,046.39	413.74	(145.79)	1924.24	<b>3,238.58</b>

**As at March 31, 2017**

(₹ in lakhs)

Particulars	As at March 31, 2016	Recognized/ reversed through profit and loss	Recognized in other comprehensive income	MAT (utilized)/ availed	As at March 31, 2017
Tax effect of item constituting deferred tax liabilities					
i. Property, plant and equipment	3,182.06	1,306.72	-	-	4,488.78
ii. Fair valuation of financial instruments	2,275.31	(83.44)	-	-	2,191.87
	5,457.37	1,223.28	-	-	6,680.65
Tax effect of item constituting deferred tax assets					
i. Employee benefits	568.54	(30.57)	143.12	-	681.09
ii. MAT credit entitlement	1,351.71	-	-	1,572.00	2,923.71
iii. Others	1,859.49	(43.25)	213.22	-	2,029.46
	3,779.74	(73.82)	356.34	1,572.00	5,634.26
<b>Net deferred tax liability/ (asset)</b>	1,677.63	1,297.10	(356.34)	(1,572.00)	1,046.39

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

The Holding Company has the following unused tax losses under the head long term capital gain under the Income Tax Act, 1961. Based on the probable uncertainty regarding the set off of these losses, the Holding Company has not recognized deferred tax asset in the Balance Sheet:

(₹ in lakhs)

Financial Year	As at March 31, 2018	Expiry Date	As at March 31, 2017	Expiry Date
2015 - 2016	273.27	March 31, 2024	571.61	March 31, 2024

**44. RELATED PARTY DISCLOSURE:**

Related party disclosure as required by Ind AS 24, 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013, are given below:

**Names and Relationships of the Related Parties:****I Associate Concerns/Trusts/Companies with whom transactions have taken place during the year:**

- |                                |  |
|--------------------------------|--|
| a. Mody Trading Company        | k. Shirish Mody Enterprises LLP            |
| b. Mody Brothers               | l. Bharati Mody Ventures LLP               |
| c. Jyotindra Family Trust      | m. Synit Drugs Pvt. Ltd.                   |
| d. Dinesh Family Trust         | n. Unique Pharmaceutical Laboratories Ltd. |
| e. Shirish Family Trust        | o. Ifiunik Pharmaceuticals Ltd.            |
| f. Lekar Pharma Ltd.           | p. Namplas Chemicals Pvt. Ltd.             |
| g. J.B. Mody Enterprises LLP   | q. Gemma Jewellery Pvt. Ltd.               |
| h. Ansuya Mody Enterprises LLP | r. Jyotindra Mody Ventures LLP             |
| i. Dinesh Mody Ventures LLP    | s. D. B. Mody Enterprises LLP              |
| j. Kumud Mody Ventures LLP     | t. Shirish Mody Property LLP               |

**II Key Management Personnel (KMP):**

- |                           |                          |
|---------------------------|--------------------------|
| a. Shri Jyotindra B. Mody | e. Shri Pranabh D. Mody  |
| b. Shri Dinesh B. Mody    | f. Shri Kamlesh L. Udani |
| c. Shri Shirish B. Mody   | g. Shri Sandeep Nasa     |
| d. Shri Bharat P. Mehta   |                          |

**III Relative of KMP:**

- |                           |                       |
|---------------------------|-----------------------|
| a. Mrs. Kumud D. Mody     | g. Shri Nirav S. Mody |
| b. Mrs. Bharati S. Mody   | h. Shri Jay B. Mehta  |
| c. Mrs. Pallavi B. Mehta  | i. Mrs. K. V. Gosalia |
| d. Mrs. Purvi U. Asher    | j. D. B. Mody - HUF   |
| e. Mrs. Deepali A. Jasani | k. S. B. Mody - HUF   |
| f. Mrs. Priti R. Shah     |                       |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Following transactions were carried out with related parties:

(₹ in lakhs)

	<b>Name of Related Party</b>	<b>Nature of Transaction</b>	<b>2017-18</b>	<b>2016-17</b>
<b>(I)</b>	<b>Associate Concern / Trusts / Companies:</b>			
a.	Mody Brothers	Payment of Rent	<b>9.50</b>	9.50
b.	Jyotindra Family Trust	Payment of Rent	<b>29.97</b>	9.89
		Rent deposit refund	<b>6.00</b>	11.63
		Rent deposit paid	<b>6.18</b>	–
		O/S Receivable	<b>9.68</b>	9.50
c.	Dinesh Family Trust	Payment of Rent	<b>8.35</b>	8.35
		Rent deposit refund	–	4.99
		O/S Receivable	<b>3.50</b>	3.50
d.	Shirish Family Trust	Payment of Rent	<b>8.35</b>	8.35
		Rent deposit refund	–	4.99
		O/S Receivable	<b>3.50</b>	3.50
e.	J. B. Mody Enterprises LLP	Payment of Rent	<b>4.88</b>	–
		Rent deposit paid	<b>1.26</b>	1.34
		O/S Receivable	<b>1.26</b>	–
f.	Dinesh Mody Ventures LLP	Payment of Rent	<b>4.88</b>	–
		Rent deposit paid	<b>1.26</b>	1.34
		O/S Receivable	<b>1.26</b>	–
g.	Shirish Mody Enterprises LLP	Payment of Rent	<b>4.88</b>	–
		Rent deposit paid	<b>1.26</b>	1.34
		O/S Receivable	<b>1.26</b>	–
h.	Jyotindra Mody Ventures LLP	Payment of Rent	<b>259.44</b>	254.28
		Rent deposit paid	–	110.64
		O/S Receivable	<b>110.64</b>	110.64
i.	D. B. Mody Enterprises LLP	Payment of Rent	<b>259.44</b>	254.28
		Rent deposit paid	–	110.64
		O/S Receivable	<b>110.64</b>	110.64
j.	Shirish Mody Property LLP	Payment of Rent	<b>259.44</b>	254.28
		Rent deposit paid	–	110.64
		O/S Receivable	<b>110.64</b>	110.64
k.	Synit Drugs Pvt. Ltd.	Interest on Deposit	<b>2.33</b>	4.00
		Repayment of ICD	<b>40.00</b>	–
		O/S Payable	–	40.00
l.	Unique Pharmaceutical Laboratories Ltd.	Royalty paid	<b>1,122.30</b>	1,131.96
m.	Ifiunik Pharmaceuticals Ltd.	Interest on Deposit	<b>3.79</b>	6.50
		Repayment of ICD	<b>65.00</b>	–
		O/S Payable	–	65.00
n.	Namplas Chemicals Pvt. Ltd.	Processing Charges	<b>23.99</b>	34.10
		O/S Payable	<b>4.43</b>	1.60
o.	Gemma Jewellery Pvt. Ltd.	Purchase of goods	<b>4.15</b>	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

(₹ in lakhs)

	Name of Related Party	Nature of Transaction	2017-18	2016-17
p.	Lekar Pharma Ltd.	Sale of goods	203.55	153.44
		Purchase of goods	6,426.29	4,324.28
		Receipt of Mfg Charges	86.06	93.32
		Marketing & Product Campaign service income	186.76	-
		O/S Payable	956.66	286.02
<b>(II)</b>	<b>Key Management Personnel:</b>			
a.	Shri Jyotindra B. Mody	Remuneration	442.76	608.55
		Retirement benefit expenses*	57.21	61.03
b.	Shri Dinesh B. Mody	Remuneration	442.76	608.55
		Retirement benefit expenses*	57.21	61.03
c.	Shri Shirish B. Mody	Remuneration	442.76	608.55
		Retirement benefit expenses*	57.21	61.03
d.	Shri Bharat P. Mehta	Remuneration	221.02	220.14
		Retirement benefit expenses*	30.65	29.72
e.	Shri Pranabh D. Mody	Remuneration	221.02	220.14
		Retirement benefit expenses*	30.65	29.72
f.	Shri Kamlesh L. Udani	Remuneration	142.38	126.56
		Retirement benefit expenses*	19.22	17.09
<b>(III)</b>	<b>Relative of Key Management Personnel:</b>			
a.	Shri Nirav S. Mody	Remuneration	150.71	124.38
		Retirement benefit expenses*	20.35	16.79
b.	Shri Jay B. Mehta	Remuneration	150.71	124.39
		Retirement benefit expenses*	20.34	16.80
c.	D. B. Mody - HUF	Payment of Rent	18.50	1.41
		Rent deposit refund	6.00	6.64
		Rent deposit paid	6.18	-
		O/S Receivable	6.18	6.00
d.	S. B. Mody - HUF	Payment of Rent	18.96	1.55
		Rent deposit refund	6.00	6.64
		Rent deposit paid	6.18	-
		O/S Receivable	6.18	6.00

\* Excludes provision for compensated leave and gratuity for KMP and Relative of KMP as both liabilities are provided on overall Company and not identified separately in actuarial valuation.

Note: Figures are inclusive of Service Tax/ GST wherever applicable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****45. EARNINGS PER SHARE:**

Particulars	2017-18	2016-17
Net Profit attributable to Equity Shareholders (₹ in lakhs)	13,834.09	18,406.27
Weighted Average No. of Equity shares (Nos)		
Basic	83,967,235	84,819,975
Diluted	83,967,235	84,819,975
Nominal value of equity shares (₹)	2.00	2.00
<b>Earnings per share (₹)</b>		
Basic	16.48	21.70
Diluted	16.48	21.70

**46. OPERATING LEASES:**

The Group has entered into cancellable operating leases in respect of office premises, godown and others, which are cancellable by giving appropriate notices as per respective agreements. During the year ₹ 1,162.55 lakhs (Previous year ₹ 1,027.26 lakhs) has been charged to statement of profit and loss on account of compensation rent.

**47. CSR EXPENDITURE:**

Gross amount required to be spent during the year ₹ 391.86 lakhs (Previous year ₹ 346.39 lakhs).

Amount spent during the year ₹ 295.41 lakhs (Previous year ₹ 265.23 lakhs) as detailed hereunder:

Nature of activity	2017-18	2016-17
Promoting Healthcare including preventive healthcare	240.00	111.97
Promotion of Education	50.00	152.75
Eradication of Poverty and malnutrition	0.41	0.51
Protection of Environment	5.00	-

**48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:**

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Group has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**Risk management framework**

Group's senior management ("Management") has overall responsibility for establishment of Group's risk management framework. Management is responsible for developing and monitoring Group's risk management policies, under the guidance of Audit Committee. Management identifies, evaluate and analyses the risks to which the Group is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits.

Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Group. Management through its interaction and training to concerned employees aims to maintain a disciplined and constructive control environment in which concerned

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks to which Group is exposed. The Audit Committee is assisted in its role by the internal auditor wherever required. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**a) Credit risk:**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with counter parties that have sufficiently high credit standards and financial strength. The Group's exposure and credit ratings of its counter parties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the several counter parties.

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

As regards, credit risk for investment in mutual funds, the Group limits its exposure to credit risk by investing mainly in debt securities issued by mutual funds which are of high credit ranking from rating agency like CRISIL or the equivalent rating agency. The Group monitors changes in credit risk by tracking published external credit ranking. Based on its ongoing assessment of counterparty risk, the Group adjusts its exposure to various counterparties from time to time.

Credit risk from trade receivables is managed by the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are mainly from stockist, distributors and direct customers and are non-interest bearing. Trade receivables generally ranges from 30 days to 180 days credit term. Credit limits are established for all customers based on internal criteria and any deviation in credit limit require approval of Head of the department and / or Directors depending upon the quantum and overall business risk. Majority of the customers have been doing business with the Group for more than 3 years and they are being monitored by individual business managers who deals with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits. Also, in case of international business, particularly new customers, management reviews the business risk by evaluating economic situation of the country and the customers and generally starts the relation either on advance payment or on the basis of confirmed irrevocable letter of credit.

Management does an impairment analysis at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Further, the Group's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

For trade receivables, as a practical expedient, the Group computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Gross carrying amount	<b>30,424.30</b>	26,811.62
Expected credit loss at simplified approach	<b>351.34</b>	215.00
Carrying amount of trade receivables (net of impairment)	<b>30,072.96</b>	26,596.62

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

### b) Liquidity risk:

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum level of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash or cash equivalent available to meet all its normal operating commitments in a timely and cost-effective manner. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next three to six months.

### c) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks:

- i. Interest rate risk;
- ii. Currency risk; and
- iii. Equity price risk.

Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since, the Group has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is very low. The Group has not used any interest rate derivatives.

#### ii) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Primarily, the exposure in foreign currencies are denominated in USD and EURO. At any point in time, the Group covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year from the reporting date. In respect of monetary assets and liabilities denominated other than in USD and EURO, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All such hedged transactions are carried out within the guidelines set by the risk management committee. The Group does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

(₹ in lakhs)

Currency	Liabilities		Assets	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	1,185.11	4,929.36	14,271.06	12,886.90
EURO	420.05	–	2,624.81	2,937.22
AUD	25.91	32.24	1,679.32	940.49
RUBLE	–	138.00	–	–
Others	2.07	–	212.15	261.01

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)**

Details of Hedged exposure in foreign currency denominated monetary items:

The Group enters into forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions and based on past performance. The Group does not enter into any derivative instruments for trading or speculative purpose.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	As at March 31, 2018		As at March 31, 2017	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
Forward contract to sell USD	10.75	7,005.78	2.00	1,297.20
Forward contract to sell Euro	2.00	1,626.64	0.50	347.97
Forward contract to buy USD	0.39	252.40	1.55	1,004.72

Details of Unhedged exposure in foreign currency denominated monetary items:

Currency	As at March 31, 2018		As at March 31, 2017	
	F.C. (in Mn.)	₹ in lakhs	F.C. (in Mn.)	₹ in lakhs
<b>RECEIVABLE:</b>				
USD	11.15	7,265.29	17.87	11,589.71
EURO	1.23	998.16	3.72	2,589.25
AUD	3.36	1,679.30	1.90	940.49
RUBLE	-	-	-	-
OTHERS	1.20	212.15	1.27	261.01
<b>PAYABLE:</b>				
USD	1.57	1,021.12	6.05	3,924.64
EURO	0.33	266.14	-	-
AUD	0.05	25.91	0.07	32.24
RUBLE	-	-	12.00	138.00
OTHERS	0.00	2.07	-	-

The Group is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD and EURO against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 1% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in lakhs)

Particulars	Currency	As at March 31, 2018	As at March 31, 2017
1% Depreciation in INR	USD	62.44	76.65
1% Appreciation in INR	USD	(62.44)	(76.65)
1% Depreciation in INR	EURO	7.32	12.16
1% Appreciation in INR	EURO	(7.32)	(12.16)

iii) **Equity price risk:**

The Group does not have any exposure to equity price risk, as there is no major investment in equity except in its own subsidiaries and accordingly, exposure to risk of changes in price is very low.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****49. CAPITAL MANAGEMENT:**

For the purpose of the Group's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard the Group's ability to remain as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plan. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or buy back of shares. The current capital structure of the Group is equity based with low financing through borrowings. The Group is not subject to any externally imposed capital requirement.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

**50. FAIR VALUE MEASUREMENT:**

A) The carrying value and Fair value of financial assets and liabilities by categories are as follows: (₹ in lakhs)

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Financial Assets at amortized cost (non-current)</b>				
Investment in Government securities	0.29	0.29	0.29	0.29
Loans	332.67	328.94	332.67	328.94
Other financial assets	344.10	350.26	344.10	350.26
<b>Financial Assets at amortized cost (current)</b>				
Trade receivables	30,072.96	26,596.62	30,072.96	26,596.62
Cash and bank balance	2,992.32	1,338.65	2,992.32	1,338.65
Loans	87.91	92.61	87.91	92.61
Other financial assets	79.27	78.98	79.27	78.98
<b>Financial liabilities at amortized cost (current)</b>				
Borrowings	2,929.28	4,886.03	2,929.28	4,886.03
Trade payables	11,039.50	9,897.71	11,039.50	9,897.71
Others	10,784.58	11,180.26	10,784.58	11,180.26
<b>Financial Assets at Fair value through profit &amp; loss (non-current)</b>				
Investment	4,995.50	18,583.91	4,995.50	18,583.91
<b>Financial Assets at Fair value through profit &amp; loss (current)</b>				
Investment	38,376.60	22,496.16	38,376.60	22,496.16
<b>Financial Liabilities at Fair value through profit &amp; loss (current)</b>				
Forward contract	8.77	196.00	8.77	196.00

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)

B) Level-wise disclosures of financial assets and liabilities by categories are as follows: (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	Level	Valuation techniques and key inputs
<b>Financial Assets at amortized cost (non-current)</b>				
Deposit for premises	312.80	298.51	3	Discounted cash flow method using interest rate for similar financial instrument.
<b>Financial Assets at Fair value through profit &amp; loss (non-current)</b>				
Investment in Mutual Fund	3,985.53	17,680.56	1	Quoted NAV in active markets.
Investment in Equity shares	1,009.97	903.35	3	Value based on the latest offer price with one of the items in the list on account of transfer restriction and other items being the statutory contribution nature, as per the value appearing in the books.
<b>Financial Assets at Fair value through profit &amp; loss (current)</b>				
Investment in mutual funds	38,376.60	22,496.16	1	Quoted NAV in active markets.
<b>Financial Liabilities at Fair value through profit &amp; loss (current)</b>				
Forward contract	8.77	196.00	2	Forward contracts are valued using readily available information from the banks.

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2017.

During the reporting period ended March 31, 2018 and March 31, 2017, there were no transfers between level 1, level 2 and level 3 fair value measurements

#### Level 3 Fair Values

The following tables shows a reconciliation of the opening and closing balances for Level 3 fair value.

(₹ in lakhs)

Particulars	Investment in Equity shares	Deposit for premises
Opening Balance (April 1,2017)	903.35	298.51
Fair value changes of Investment designated as FVTPL	106.62	-
Interest Income-Others	-	16.10
Addition	-	37.68
Deletion	-	(39.49)
<b>Closing Balance (March 31, 2018)</b>	<b>1,009.97</b>	<b>312.80</b>

A one percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2018 (Contd.)****51. EVENTS AFTER THE REPORTING PERIOD:**

The Board of Directors of Holding Company have recommended dividend of ₹ 2/- per fully paid up equity shares of ₹ 2/- each amounting to ₹ 1,671.40 lakhs plus ₹ 343.56 lakhs dividend distribution tax for the financial year 2017-18, which is based on relevant share capital as on March 31, 2018. The actual dividend amount will be dependent on the relevant share capital outstanding as on record date / book closure.

**52. ADDITIONAL INFORMATION PERTAINING TO HOLDING AND SUBSIDIARY COMPANIES:** (₹ in lakhs)

Name of Entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated comprehensive income	Amount	As % of total comprehensive income	Amount
<b>HOLDING</b>								
J. B. Chemicals and Pharmaceuticals Ltd.	100.63	145,338.81	92.53	12,800.14	613.90	(241.63)	91.04	12,558.51
<b>FOREIGN SUBSIDIARIES</b>								
OOO Unique Pharmaceutical Laboratories, Russia	1.36	1,970.53	0.76	105.65	-	-	0.77	105.65
Unique Pharmaceutical Laboratories FZE, Dubai	6.48	9,358.78	(0.28)	(39.22)	-	-	(0.28)	(39.22)
Biotech Laboratories (Pty.) Ltd., South Africa	4.11	5,942.79	5.53	764.71	-	-	5.54	764.71
Non-controlling Interest	0.19	277.18	(0.27)	(37.85)	-	-	(0.27)	(37.85)
Total Eliminations	(12.78)	(18,455.11)	1.74	240.66	(513.90)	202.27	3.20	442.93
<b>TOTAL</b>	<b>100.00</b>	<b>144,432.98</b>	<b>100.00</b>	<b>13,834.09</b>	<b>100.00</b>	<b>(39.36)</b>	<b>100.00</b>	<b>13,794.73</b>

**53.** Figures of previous year have been re-grouped, re-arranged and re-cast, wherever considered necessary. Figures in brackets indicate corresponding figures of previous year.

**See accompanying notes to the financial statements****As per our report of even date**

**For Damania & Varaiya**  
Chartered Accountants  
Firm Registration No. 102079W

**Bharat Jain**  
Partner  
Membership No. 100583

Place: Mumbai  
Date : May 25, 2018

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

**J. B. Mody**  
Chairman & Managing Director

**S. B. Mody**  
Whole time Director (Marketing)

Place: Mumbai  
Date : May 25, 2018

**D. B. Mody**  
Whole time Director (Administration)

**Vijay D. Bhatt**  
Chief Financial Officer

**M. C. Mehta**  
Company Secretary

**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 / joint venture

**Part "A": Subsidiaries**

Name of the subsidiary	(₹ in lakhs)		
	Unique Pharmaceutical Laboratories FZE, Dubai	Biotech Laboratories (Pty.) Ltd., South Africa	OOO Unique Pharmaceutical Laboratories, Russia
Reporting period for the subsidiary	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018
Reporting currency	AED	ZAR	RUBLE
Exchange rate to INR as on 31/03/2018	17.65	5.49	1.13
Share capital	9,414.76	0.29	3,881.92
Reserves and Surplus	201.08	5,997.10	(1,911.38)
Total Assets	13,770.96	9,446.76	7,581.88
Total Liabilities	13,770.96	9,446.76	7,581.88
Investments	8,266.09	-	-
Turnover	5,806.58	13,976.89	6,458.79
Profit before taxation	(39.23)	1,025.43	132.52
Profit after taxation	(39.23)	764.71	105.64
Proposed Dividend	-	-	-
% shareholding	100	95.24	100

**PART "B": Joint Venture**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Joint Venture

Name of Joint Venture	Not Applicable
Latest audited Balance Sheet Date	Not Applicable
<u>Shares of the Joint Venture held by the Company on the year end</u>	
No.	Nil
Amount of Investment in Joint Venture	Nil
Extend of Holding %	Nil
Description of how there is significant influence	Not Applicable
Reason why the joint venture is not consolidated	Not Applicable
Net-worth attributable to shareholding as per latest audited Balance Sheet	Not Applicable
Profit for the year	
i. Considered in consolidation	Not Applicable
ii. Not considered in consolidation	Not Applicable

**For and on behalf of the Board of Directors****J. B. Mody**

Chairman & Managing Director

**D. B. Mody**

Whole time Director (Administration)

**S.B. Mody**

Whole time Director (Marketing)

**Vijay D. Bhatt**

Chief Financial Officer

**M. C. Mehta**

Company Secretary

Place: Mumbai

Date : May 25, 2018

## TEN-YEAR FINANCIAL SUMMARY

(₹ in crores)

Particulars	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	#16-17	#17-18
<b>Balance Sheet</b>										
Share Capital	16.87	16.87	16.90	16.94	16.94	16.95	16.96	16.96	16.96	16.71
Reserves and Surplus	515.19	596.51	696.38	936.92	992.06	1,030.87	999.35	1,124.79	1,370.90	1,436.67
Loan Funds	170.69	136.20	168.56	69.82	49.60	92.78	105.22	174.80	48.86	28.48
Deferred Tax Liability (Net)	13.45	14.24	14.44	16.56	21.97	19.89	21.62	22.83	28.95	49.70
Other non-current liabilities	-	-	-	-	-	-	-	-	3.95	3.60
<b>Total</b>	<b>716.19</b>	<b>763.81</b>	<b>896.28</b>	<b>1,040.24</b>	<b>1,080.58</b>	<b>1,160.48</b>	<b>1,143.15</b>	<b>1,339.38</b>	<b>1,469.63</b>	<b>1,535.17</b>
<b>Application of Funds</b>										
Net Fixed Assets (Incl. Capital WIP)	227.48	218.08	228.94	280.01	299.17	328.53	356.04	500.40	612.45	587.31
Investments	45.59	62.46	123.29	337.71	433.66	536.11	597.50	513.05	543.77	566.69
Current Assets, Loans and Advances:										
Inventories	55.18	56.41	81.78	90.80	89.89	111.23	128.47	133.29	159.96	175.81
Sundry Debtors	374.50	407.27	385.45	131.21	194.64	248.05	248.49	268.02	265.10	300.54
Cash & Bank Balances	41.45	70.57	122.92	211.36	149.11	10.80	9.06	10.80	7.40	15.10
Loans and Advances	51.47	55.51	64.88	121.63	106.35	107.21	109.20	122.55	95.69	121.20
Total Currents Assets	522.60	589.76	655.03	555.00	539.99	477.29	495.22	534.67	528.15	612.66
Less: Current Liabilities and Provisions:										
Current Liabilities	58.46	73.21	76.89	107.17	144.58	134.67	144.82	187.21	197.99	212.90
Provisions	21.02	33.28	34.10	25.31	47.66	46.78	160.79	21.53	16.75	18.59
Net Current Assets	443.12	483.27	544.05	422.52	347.75	295.84	189.61	325.93	313.41	381.17
<b>Total</b>	<b>716.19</b>	<b>763.81</b>	<b>896.28</b>	<b>1,040.24</b>	<b>1,080.58</b>	<b>1,160.48</b>	<b>1,143.15</b>	<b>1,339.38</b>	<b>1,469.63</b>	<b>1,535.17</b>
<b>Profit and Loss Statement</b>										
Sales	723.16	670.06	787.58	635.77	794.46	934.43	1,038.14	1,119.93	1,167.45	1,227.81
Other income	14.97	17.26	24.99	79.16	47.92	59.64	33.69	81.16	77.14	62.18
Total Income	738.12	687.33	812.57	714.93	842.38	994.07	1,071.83	1,201.09	1,244.58	1,289.99
Total Expenses	646.34	566.38	671.52	666.30	734.64	835.58	912.73	974.00	1,027.80	1,110.95
Profit before extraordinary item and taxation	91.78	120.94	141.05	48.63	107.74	158.49	159.10	227.10	216.78	179.04
Profit after taxation	78.74	101.00	118.19	642.70	84.94	68.43	113.58	176.39	172.96	128.00
Ratios:										
Earning per share (₹)	9.34	11.98	14.00	75.95	10.03	8.08	13.40	20.80	20.07	15.24
Book Value per share (₹)	63.09	72.74	84.40	112.61	119.12	123.66	119.84	134.61	163.62	173.91
Debt Equity Ratio	0.32:1	0.22:1	0.24:1	0.07:1	0.05:1	0.09:1	0.10:1	0.15:1	0.04:1	0.02:1
Current Ratio	6.57:1	5.54:1	5.90:1	4.19:1	2.81:1	2.63:1	1.62:1	2.56:1	2.46:1	2.65:1
Dividend:										
In ₹ per share	1.00	2.00	2.00	41.00	3.00	3.00	14.00	5.00	1.00	2.00
Percentage (%)	50	100	100	*2050	150	150	**700	250	50	100.00

\* Includes special interim dividend of ₹ 40/- (2000%) per share.

\*\* Includes special dividend of ₹ 10/- (500%) per share.

# prepared in accordance with new accounting standards prescribed under Companies (Indian Accounting Standards) Rules, 2015 applicable to the Company w.e.f. April 1, 2016.





Products in Global Business



## J. B. CHEMICALS & PHARMACEUTICALS LIMITED

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