Vivimed

Date: 16th October, 2017

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001
Scrip Code: **532660**

National Stock Exchange of India limited
Exchange Plaza, Sandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: **VIVIMEDLAB**

Dear Sir/Madam,

Sub: Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015- Submission of Annual Report for the FY 2016-17

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith soft copy of the Annual Report of the Company for the financial year 2016-17 which was approved and adopted in the 29th Annual General Meeting of the Company held on 29th September, 2017.

Request you to take the above information on record.

Thanking you,

Yours faithfully,
For Vivimed Labs Limited

Yugandhar Kopparthi
Company Secretary

VIVIMED LABS LIMITED HYDERABAD Vivimed

Encl: As above

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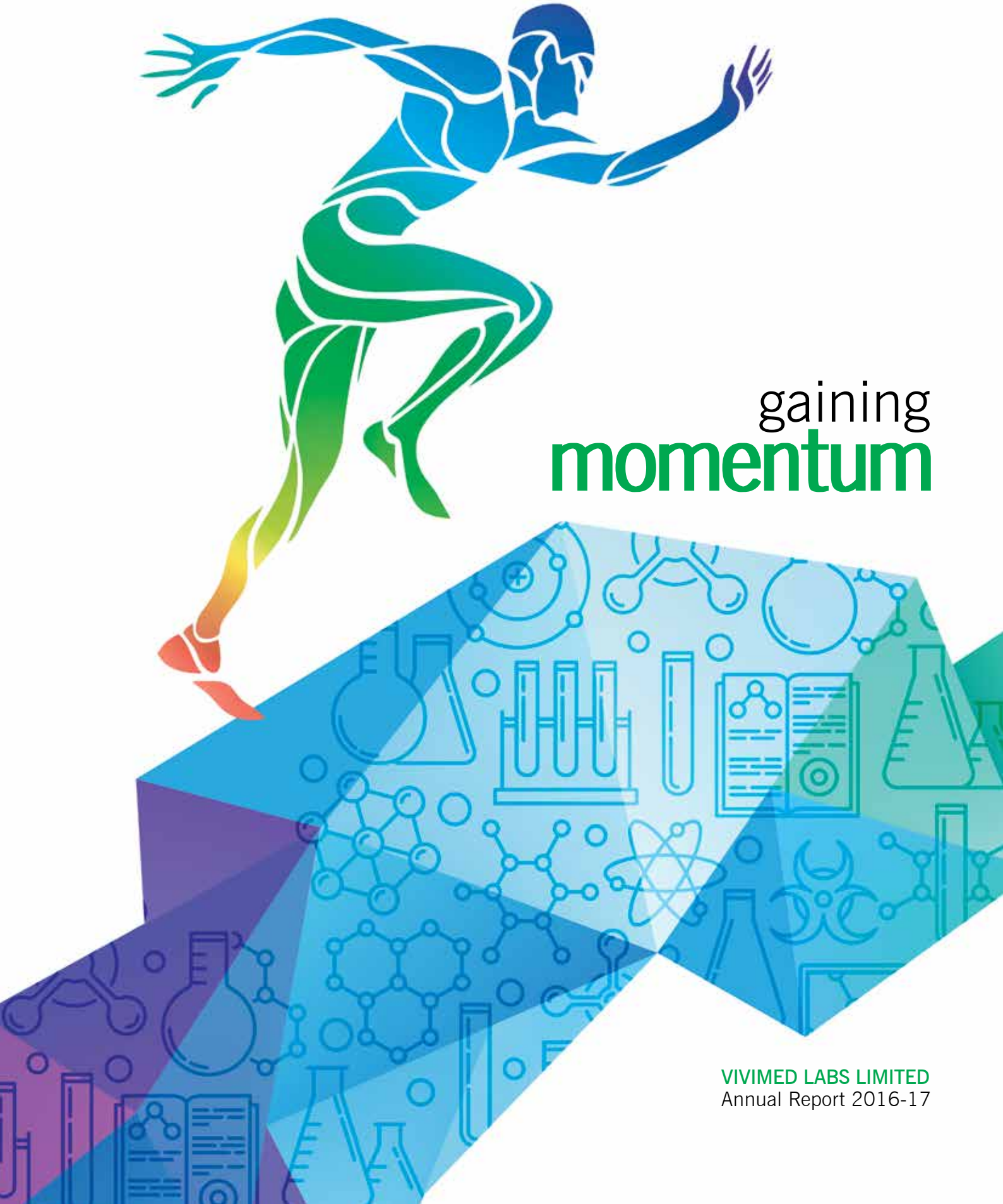
Vivimed



gaining momentum

VIVIMED LABS LIMITED
Annual Report 2016-17

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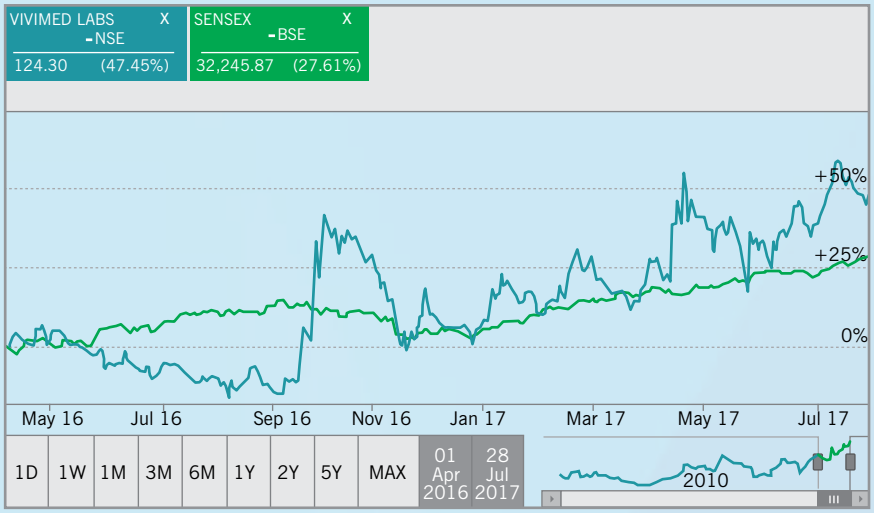
In the last two years, we exited business spaces and opportunities, we sold business verticals and product brands and we transferred facilities and intellectual capital.

As expected, we were written-off by the investor community as yet another corporate stuck in the quagmire of a huge debt pile while continuing to blindly chase its growth aspirations.

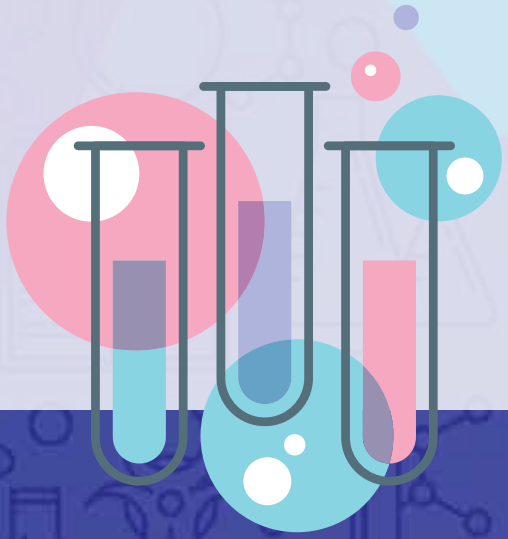
For they felt that having parted with our invaluable assets that promised progressive and profitable growth, the decline in the Company's performance was imminent.

We are happy to have proved them wrong. And what we have achieved is not finality, but just a harbinger of things to come.

Vivimed Labs: outperforming the broader index



For, we are all set to gain momentum!

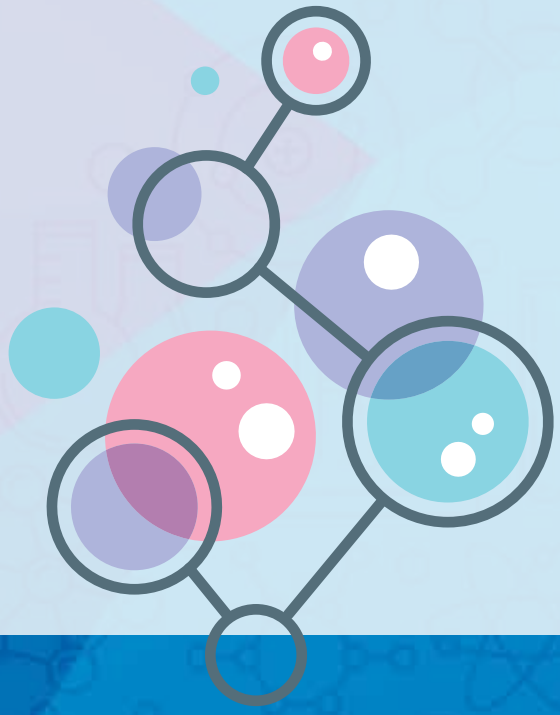


And we are genuinely excited about the future!

For as our group grows and expands, we believe the theme of this annual report "Gaining Momentum" accurately reflects the status of the continuing strategic diversification of our businesses.

This theme celebrates the achievements we have made thus far, while also recognising the vast opportunities that still remain.

This theme also reflects our belief that the momentum we have established through our strategic actions will help us continue to drive long-term success and create outstanding shareholder value.



Active Pharmaceutical Ingredients (APIs)

Active then. Active now.

Having grown this business from ₹710.05 million in 2014-15 to ₹793.32 million in 2016-17, one would like to believe that the future would be largely muted.

At Vivimed, the reality is contrary to this perception. For we made important investments in strengthening our API vertical, which are expected to see the light of day in the coming years.

- In the API-CDMO operations segment where we work with certain innovator companies, certain projects are close to entering the scale-up mode – probably in the current financial year. When this transpires we expect volumes to scale up significantly over the coming years.
- We have a robust pipeline of 15 products (Spain and Mexico), which are to be launched over the coming years. Some of these comprise high value DMFs which are expected to generate significant commercial interest.

The bottomline then is… the API piece will emerge as the key growth and profitability driver for the Company.

Over the last three years, our API-CDMO operations line where we work with innovative companies has made significant headway - we have been able to grow this particular revenue line from nearly US$2 million level to nearly US$30 million today. Though the best is yet to come.

Finished dosages

New growth pill

Having invested about ₹2 billion in creating assets for our formulations piece between 2013 and 2017, one would be wondering why revenue from this vertical has been largely muted.

For a simple reason. We in the work-in-progress mode for establishing a strong presence in the world's largest pharmaceutical market in a manner that makes our growth strong and sustainable.

- We received ANDA approvals for five products of which we commercialised 4 namely Losartan, Amlodipine and Metronidazole (initiated in Q3/2016-17) and Donepezil (initiated in Q4/2016-17); we plan to launch the fifth product (Zolpidem) in the current year.
- We are actively working on 10 -12 new products which are set to go off patent from 2018 onwards and we are in different stages of filing; we are hopeful of commercializing 10+ products over the next 24-36 months
- Our CDMO projects with marquee clients (feature among the top 10 pharmaceutical players of the world) is on stream; the first CBE30 should get approved in the current year – revenue generation will follow suit.
- We are working on an aggressive emerging market strategy which will facilitate in establishing our footprint across 15+ nations globally.
- Our new joint venture agreement with M/s Strides Shasun Ltd, to exploit the full potential of the Alathur plant.

In a nutshell… our formulations poised for accelerated growth in the next 12-18 months.

The remaining branded formulation piece, after selling our ophthalmic product basket grew by more than 15% in 2016-17 and is expected to grow at about 30% over the coming years.

Specialty chemicals

More from less

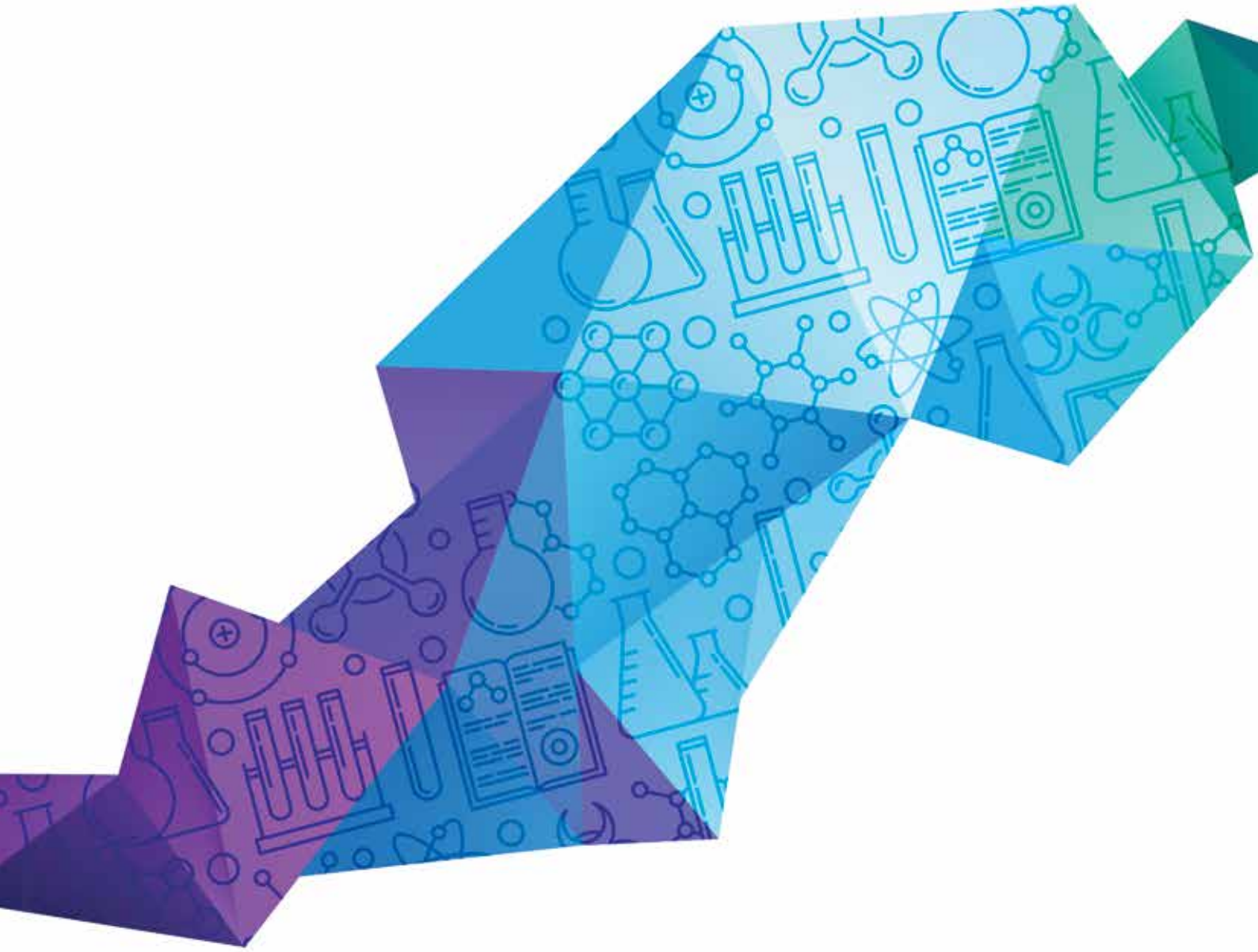
Having parted with a large part of our specialty chemical business, once considered a jewel in the Vivimed crown, most believed that we had pushed ourselves back by a decade.

But, we knew that while taking this step back, we were actually pacing ourselves for the long haul. For our residual business was (comprising hair dye and photochromic) has better margins compared to the divested products. And, we remain focused on growing these verticals – deriving more from less.

- In the photochromatic space, we are in advanced talk with a Japanese client for supplying premium-margin, new fast-fading photochromic chemicals; we are working to launch 2-3 new products within this space in the next 12-18 months.

- In the anti-microbials space, we have developed 2-3 new products (currently under testing) which has generated significant interest from our customers; we are confident of generating revenue from these products in the next 12-18 months.

In time, the value derived from these initiatives promise to make this business truly invaluable.



About Vivimed Labs

Established in 1988 in Bidar, India, Vivimed Labs has metamorphosed from a domestic small, entrepreneurial family-operated business to a globally renowned supplier of niche molecules and formulations across Pharmaceuticals and Specialty Chemicals consumers in nearly 50 countries. Driven by the philosophy of using chemistry as a base to create ingredients which touch human life on a day to day basis, Vivimed Labs delivers world-class products across the various segments.

Within more 25 years of its inception, Vivimed has established, 12 manufacturing facilities, 5 R&D centers (3 domestic and 2 overseas) and global support offices in India, China, Europe and USA. The Company's focus on quality and compliance reflects in aligning its systems and processes with stringent global standard – 4 of its manufacturing facilities are US- FDA approved; the Company has also gained PIC/S GMP approval for the supply of finished pharmaceutical formulations.

Shareholder information

36.48%
Promoters' stake

4.68%
Institutional holding

₹14,619 mn
Revenue (2016-17)

₹2,217 mn
Net profit (2016-17)

₹2
Face value per share

₹8,624 mn
Market capitalisation (March 31, 2017)

532660
BSE Code

VIVIMED
NSE Code

Our Values and Principles

We focus on opportunities

At Vivimed we believe that there is no room for a second chance.

An opportunity presents itself only once, and we usually make it ours.

We build on our capabilities

Capability building is the key to our Company's performance and growth.

At both individual and organisational level, there is a consistent effort to build up on our competencies.

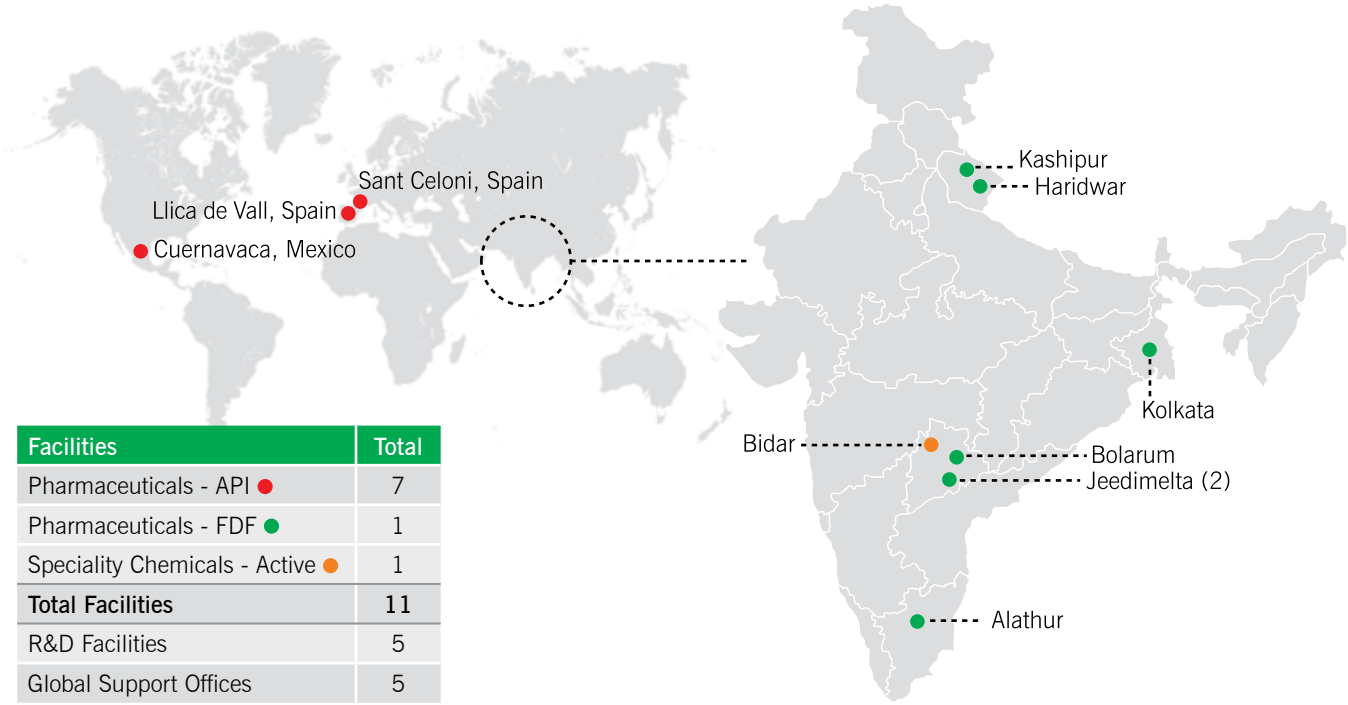
We embrace change

At Vivimed we consider the only constant to be, is change itself.

We strive for continuous improvement

There are others; and there is Vivimed. We strive for continuous improvement in our quality standards, operational efficiency and customer service.

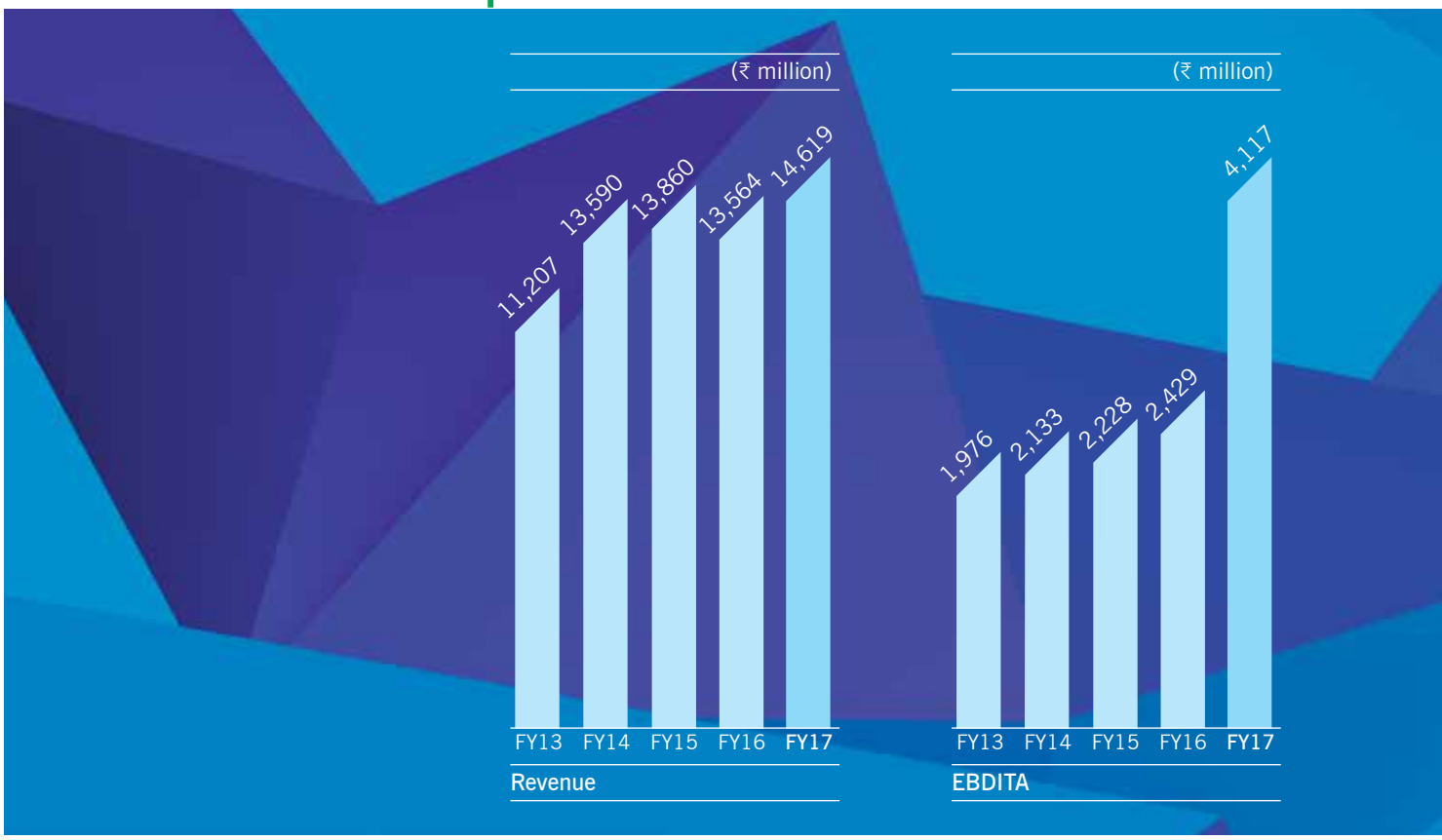
Vivimed: A global presence



Facilities	Total
Pharmaceuticals - API	7
Pharmaceuticals - FDF	1
Speciality Chemicals - Active	1
Total Facilities	**11**
R&D Facilities	5
Global Support Offices	5

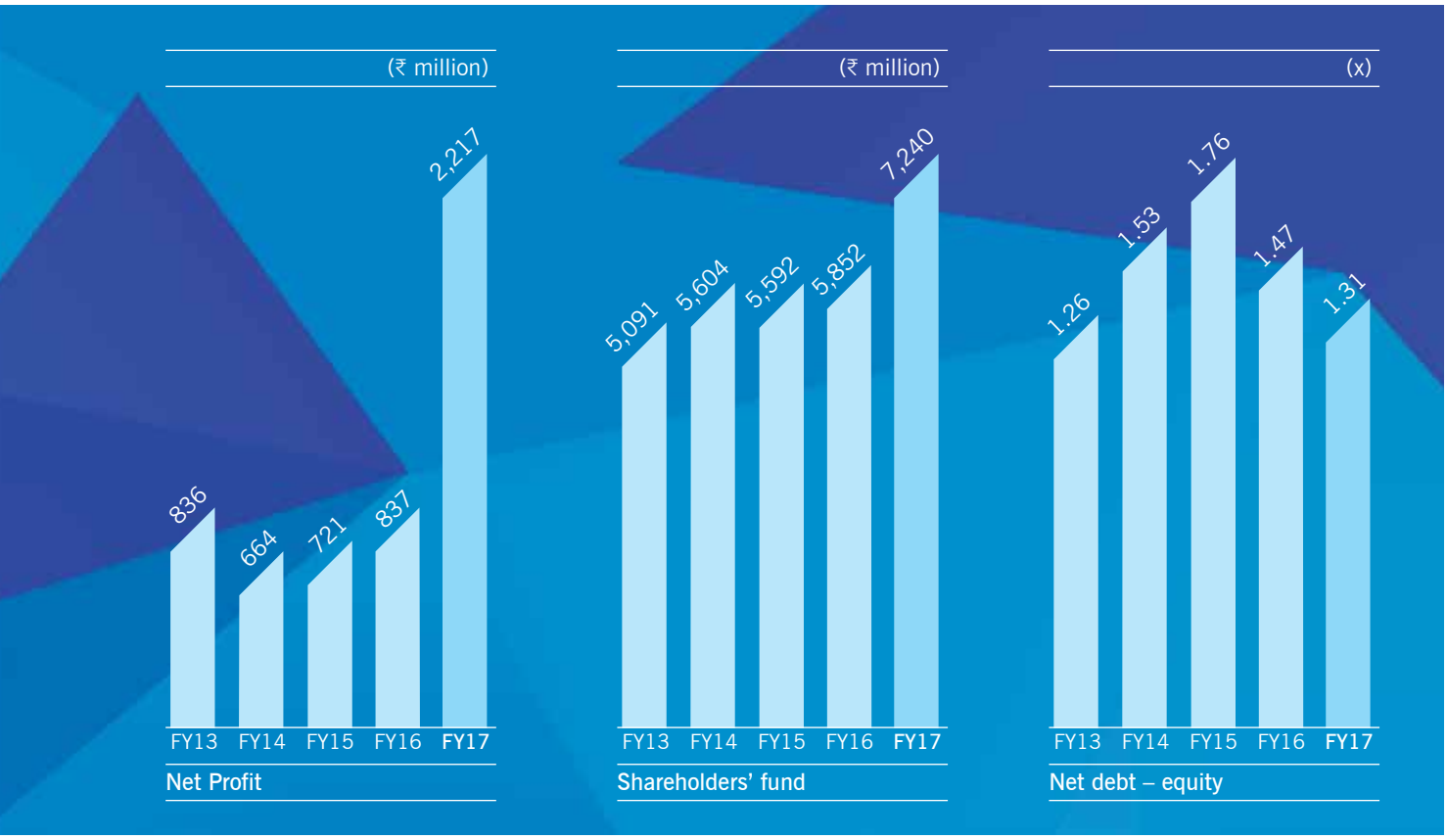
11 manufacturing facilities along with R&D centres and global support offices provides access to diverse markets and

On a robust platform



Global Clientele

Preferred Supplier to the leading global brands



From the Managing Director's desk

"As we navigate through challenging times, we continue to streamline internal efforts and initiatives that emphasise operational efficiency to drive earnings and position the business to best capture expected improvements in our end markets."

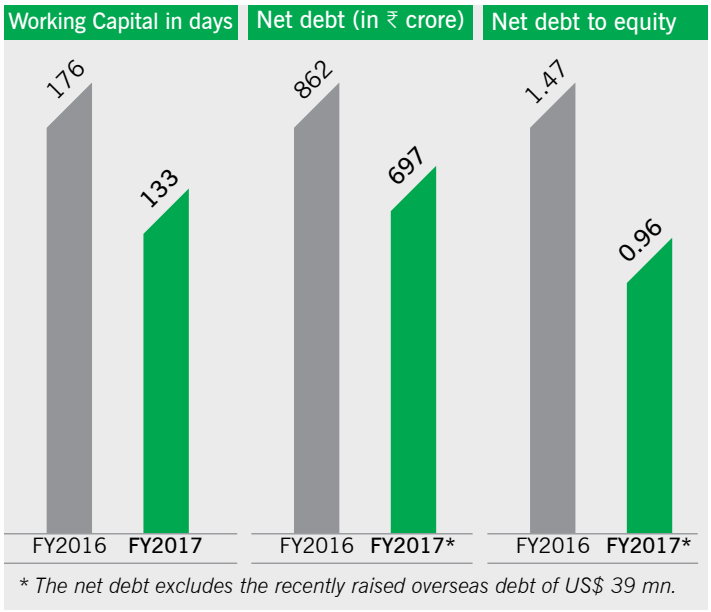
Mr Santosh Varalwar, talks about what lies ahead

Dear shareholders,

Fiscal 2016-17 will remain in memory as memorable period not just from the perspective of business growth but also from the viewpoint of creating robust enablers that promise to accelerate the growth momentum as we go forward.

Business growth was particularly important for 2016-17 as it instilled shareholder confidence in the management's ability to draw more from less – given the reality that we sold part of our specialty chemical business in 2015-16 and the branded formulation piece (ophthalmology therapy) in early 2016-17. What was immensely satisfying that even as our topline moved up only marginally – about 9% over the previous year, the bottomline leapfrogged by more than 150%.

What is even more heartening is that even as performance improved, we prudently deployed the sales proceeds to strengthen the organisation and the business model.



** The net debt excludes the recently raised overseas debt of US$ 39 mn.*

Have set the business on a firm footing, we set out to strengthen our existing growth levers and create new one which would facilitate in catalysing business progression over the coming years.

API vertical: We believe that our strong market positioning in the API segment has enabled us to gain significant traction from both new as well as existing customers for the API-CDMO operations as well as the generic pipeline. Going forward, the vertical promises to be an important growth catalyst for interesting things are expected to unfurl especially from our Mexico unit.

- Most of our new products filings are due to come out from this unit, which are coming up for expiry in the next 36 months or so. These are largely high-value DMFs which have already generated significant commercial interest.
- In our API-CDMO operations, certain clients are innovator companies. A couple of their projects are close to getting into scale up mode. Once this happens, we should probably see better numbers emerging from this particular business.

Besides, increasing regulatory concerns makes UQUIFA the preferred choice especially across US and European markets. Our operating units (Spain and Mexico) have cleared regulatory clearances - without any qualifications. This strengthens customer confidence in our ability to sustain delivery of quality material. Case in point is the recent USFDA audit at our Sant Celoni, Spain, which was successfully completed with 'Zero' 483 observations.

To cater to the increased demand, which, we believe, will gain momentum in each year over the medium term, we are investing about Euro 5 million to de-bottleneck capacities and improve man-machine productivity at these units.

Formulations: It is a common principle that when you set for yourself a high goal, you need to focus all your energies on that journey. So it is with our formulations piece for we envision ourselves as becoming a strong player in the global CDMO space and in the US markets (the world's largest pharmaceutical market). In keeping with this focus, we exited from the branded formulations in ophthalmology - Klar Sehen Pvt Ltd, our wholly-owned subsidiary sold certain products along with their associated trademarks to Ordain Healthcare Global Pvt Ltd for a consideration of ₹73 crore.

For the US market focus, we continued to remain in investment mode and look

Vision 2020

To achieve leadership in API's, CDMO, and FDF segments

Strengthen operations across all business through continuous R&D, robust product pipeline and focus on steady growth.

Expand global footprints by leveraging diversified manufacturing facilities and partnership tie-ups with big pharmaceutical players.

To be ahead of the Curve - Focus on higher margin businesses in API's and formulations, innovate new products and expand customer base through JVs and partnerships.

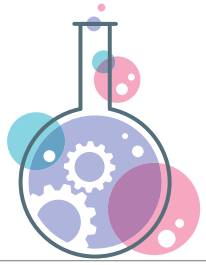
Developing innovative formulations across various delivery formats for ROW regions like Russia, Philippines, Ukraine and ASEAN Regions.

Specialty Chemicals - focus on new products and customer projects through joint ventures.

forward to building a competitive product basket. As a first step, we increased our product basket from 3 products to 5 products for the US markets. In addition, we are working on 10-12 new products which will go off patent from 2018 onwards.

From a strategic perspective, we signed a joint venture agreement with Strides Shasun which is aimed at bringing scale to our presence in the US FDF market; this joint JV brings together an optimum mix of our manufacturing strength, product development capability and Strides Shasun's front-end presence and marketing expertise.

This, we believe will emerges as the flagship business and profitability driver over the coming years as we hope to initiate start generating returns from assets we created over the recent past.



We continued to remain in investment mode and look forward to building a competitive product basket. As a first step, we increased our product basket from 3 products to 5 products for the US markets.

Specialty Chemicals: Despite the sale of assets and products to Clariant, this business grew at a healthy pace from the existing product basket and our profitability (EBIT margin) jumped even higher. I would like to believe that this is the success of our strategy of exiting commodity products within the specialty chemicals portfolio and focus on the niche product segment which we have retained namely photochromics, hair dyes and some specialty intermediates. Going forward, we expect this business to gain further momentum. My optimism stems from the following realities

- The hair dye business is growing at about 10-15% year-on-year at a global level a trend which is expected to sustain over the coming year
- The photochromic segment is seeing a healthy uptick in demand in recent times due to the launch of certain interesting products namely fast fading dyes.

These are new fast fading photochromic chemicals which have generated significant interest across the globe from major players from Japan, the US and Europe. We are working on launching our in-house developed and patented products in the current year are in active discussion with users of these products. This then will result in a healthy uptick in business growth and profitability as the photochromic segment is really our high-margin vertical.

In a nutshell…

I believe our strategy of focusing our resources (time, knowledge capital and finances) into the pharmaceutical is a right move. With our focus on the CMO business (in APIs and FDFs) and strengthening our presence in regulated markets for generics (API and FDFs) we hope to significantly ramp up revenues over the coming years.

For the Speciality Chemical business which we have retained, it is a very interesting business and I am confident that the team will work towards improving business margins by strengthening business relations with existing customers and adding more verticals in the next near future.

I am particularly excited about our prospects over next few years. For as product offtake gains momentum, over the coming years, returns from our investments would improve significantly.

Warm regards

Santosh Varalwar
Managing Director

Uquifa: a niche positioning

1) Western producer	2) Product range	3) Production capabilities	4) Reputation
Spanish facility to cater to the European markets	Diversified portfolio comprising 50+ products in 15+ therapies	Three multi-product facilities across continents	Long-lasting relationship with leading pharma names
Mexican facility to supply to the US market	Clear verticals in the portfolio such as the anti-ulcer franchise	Compliance with USFDA/ EDQM and other global regulatory authorities	Multi-product relationships with blue chip customers
Only western supplier of certain molecules (e.g. Ranitidine)	Ability to co-develop with global pharmaceutical companies	Aggregate reactor capacity of 470 KL	Spontaneous awareness as a top supplier

Management discussion and analysis

Global economy

The global economy seems to be stabilising after a sustained period of volatility. Global economic activity improved in the second half of CY2016, especially in advanced economies. Growth picked up in the US as firms grew more confident about future demand. The economy also recorded a lower rate of unemployment and buoyant consumer demand. In the aftermath of the Brexit vote, the Euro area growth was also resilient on the back of strong domestic demand and continued easing; the growth in the United Kingdom remained robust on the back of resilient spending. Japan's performance has also been on the upside with strong exports.

However, the global economic growth, at 3.1% on a y-o-y basis, fell short of expectations in CY2016 as deceleration in key emerging markets and developing economies (EMDEs) overshadowed the modest recovery in major developed countries. The EMDEs contribute to more than half of the global economic growth rate. Their deceleration was accompanied by a modest increase in commodity prices, subdued global trade, financial market volatility and weakening capital flows. Although China's growth turned out to be better than expected on the back of policy stimulus, it was lower than CY2015. India fared better than the world in terms of growth, even though the demonetisation exercise temporarily threw a challenge. Brazil, on the other hand, remained mired in a deep recession. Activity remained weak in fuel and non-fuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

Challenges

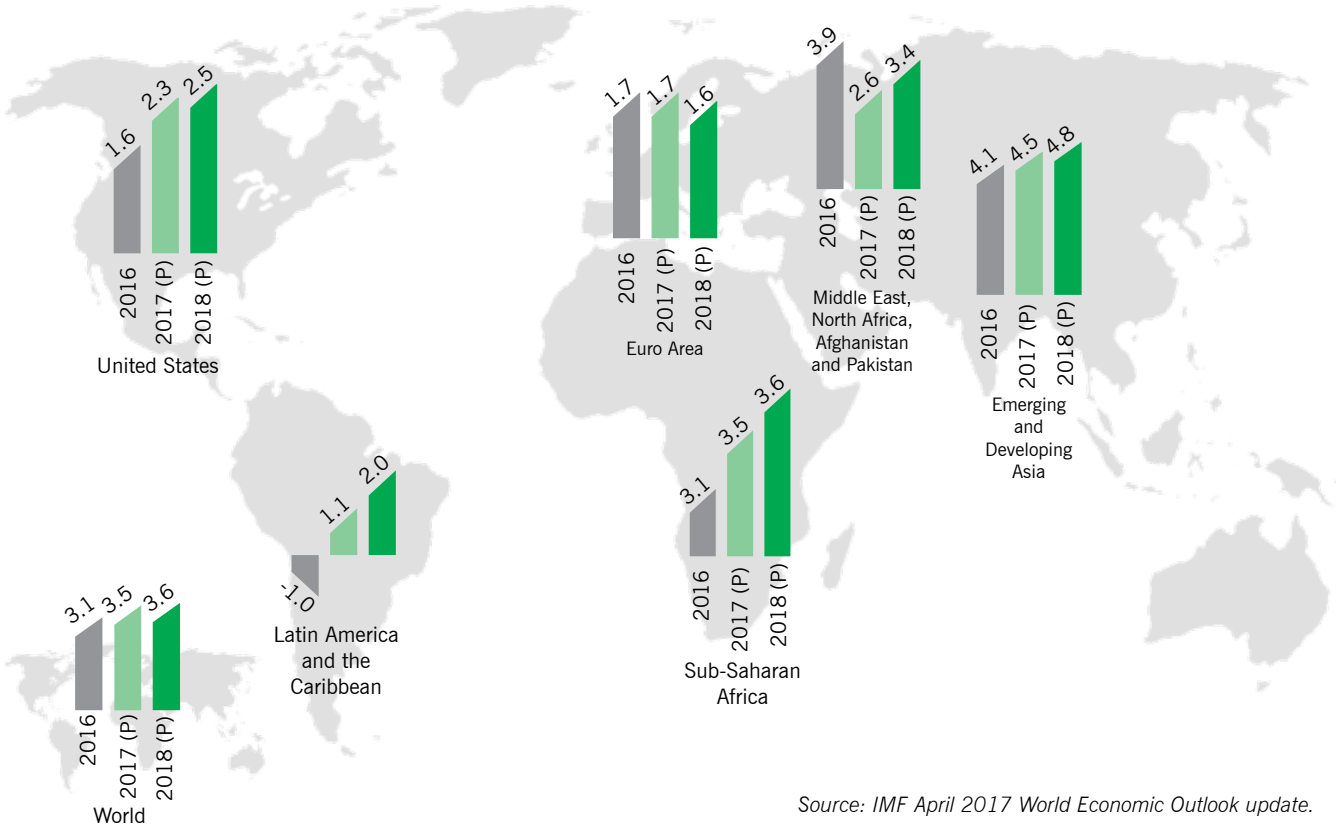
Recent political developments highlight a fraying consensus about the benefits of cross-border economic integration. The major policy shifts might further intensify protectionism and widen global imbalances.

Outlook

According to the International Monetary Fund (IMF), the global economic activity is picking up with a long awaited cyclical recovery in investment, manufacturing, and trade. It has projected economic activities to improve in both advanced economies as well as EMDEs in CY2017 and CY2018, with global growth projections at 3.5% and 3.6%, respectively.

Latest growth projections

Globe economic activity is set to pick up in 2017-18 (Percent change)



Source: IMF April 2017 World Economic Outlook update.

The Indian economy

Favourable government reforms and a stringent fiscal regime in the recent past have supported the accelerated growth of the Indian economy since 2014. The Economic Survey 2017 describes India's stand in the world as 'haven of stability' and positions it as 'an outpost of opportunity'.

And despite the short-term disruptive policy initiatives and geo-political issues in large global economies (important business partners of India), India's GDP grew by 7.1% demonstrating the fact that India's economic fundamentals continue to be strong.

While emerging urban clusters are driving this growth, rural India is seeing a recovery after around 3-4 years. Such a scenario is likely to generate momentum for India Inc. The country's economic prospects appear optimistic with policymakers creating enablers for strong and sustainable growth for the medium to long-term.

Growth catalysts

Infrastructure resurgence: The government is committed to ensure time-bound creation of world-class infrastructure in the country. It is targeting around ₹25 trillion (US$ 376.53 billion) investment in infrastructure over a period of three years, which will include ₹8 trillion (US$120.49 billion) for developing 27 industrial clusters; and an additional ₹5 trillion (US$75.30 billion) for roads, railways and port connectivity projects.

Rural thrust: The Union Budget for 2017-18 has allocated ₹3,960 billion for rural India. Of this corpus, rural roads alone will get ₹29 billion and the Government intends that by 2018 every village should be electrified and by 2019 each village should have road connectivity. Higher agricultural credit, enhanced allocation for irrigation projects, a crop insurance scheme for farmers and increased allocations for MGNREGA in the Union Budget will also help bolster rural income. In addition, the implementation of the Seventh Pay Commission Recommendations will also spur demand across semi-urban and rural India.

Institutional reforms: The FY2016-17 was marked by a variety of institutional reforms such as the implementation of the Insolvency and Bankruptcy Code, creation of Monetary Policy Committee, redesigning of the Fiscal Responsibility and Budget Management (FRBM) framework, passage of GST, and finally, the policy thrust towards a less-cash formal economy. In addition, the trend of benign inflation and continued improvement in twin deficits further bolstered the country's macroeconomic parameters.

Challenges

A key concern for the country is the health of the banking system, which continues to battle with rising bad loans and heightened corporate vulnerabilities in certain key sectors of the economy. Besides, the firming up of crude oil prices, reduced commodity exports and almost stagnant non-commodity exports could impact trade and current account deficits.

Outlook

The growth momentum should rise, driven by the Government's policy initiatives in areas such as taxation (GST), foreign direct investment (FDI), and the ease of doing business, among others. Other major factors helping India stay as a bright spot in the global economic landscape include the lower global oil price, with positive impact on the country's import bill, a well-regulated monetary policy by the Reserve Bank to stabilise prices, and improving fiscal condition. The Government's endeavour to drive a bigger as well as a cleaner GDP is expected to augur well for the economy in the medium and long terms.

GST: A radical step forward

- Provides a uniform tax framework for indirect taxes
- Unifies fragmented Indian market under uniform taxation
- Enhances ease of doing business with transparent taxation
- Removes cascading effects of taxes
- Saves government's cost in tax collection
- Diminishes raw material costs and thus, decreases prices of associated goods
- Reduces corruption with unified taxation

Global pharmaceutical sector

The life sciences sector's growth correlates highly with countries' general economic strength and health care spending levels, and both of these vary widely around the globe.

And while spending growth is expected to pick up, the pressure to reduce costs, increase efficiency, and prove value remains intense. Because of these contradictory trends, global health care spending is expected to increase by a low single digit.

Pricing pressures in the United States and unstable economic conditions in Brazil, Russia, and China, (which collectively drive 50% of global pharma revenue) have led to a slowdown in the pharma segment.

Demand for generic drugs should continue to rise as payers pursue avenues to reduce costs. Already, generics account for the majority of prescription drugs supplied in China and around two-thirds of total sales value. In the United States, generic drugs already comprise about 70% of the pharma market by volume.

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

Outlook through 2021

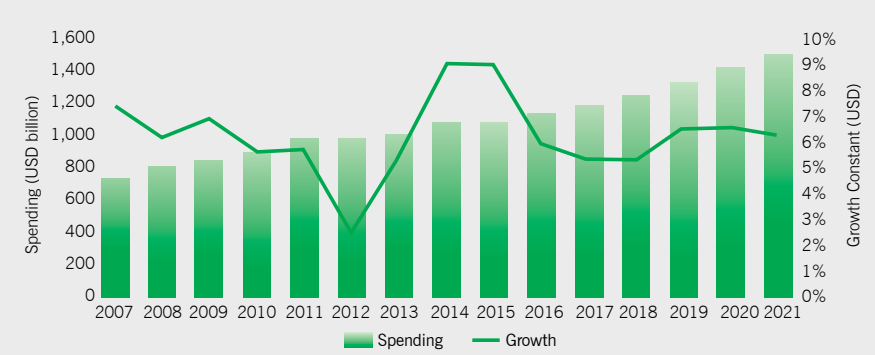
The total volume of medicines consumed globally will increase by about 3% annually through 2021, only modestly faster than population and demographic shifts, but driven by very different factors around the world.

Global medicine spending will reach nearly US$1.5 trillion by 2021 on an invoice price basis, up nearly US$370 billion from the 2016 estimated spending level. Importantly for the outlook is that spending growth is slowing in 2016, declining from nearly 9% growth in 2014 and 2015 to just 4–7% CAGR over the next five years.

Most global spending growth, particularly in developed markets, will be driven by oncology, autoimmune and diabetes treatments where significant innovations are expected.

The next five years will see the market growing at a more consistent rate but with much more attention focused on spending, growth and specifically pricing.

Global Market Spending and Growth 2007-2021



Source: IMS Market Prognosis, September 2016; Quintiles IMS Institute, October 2016

The US pharmaceutical market

Medicine spending growth in the U.S. had been slowing steadily since 2001, but rebounded sharply in 2014 and 2015 due to a lower level of patent expiry impact, historically high price increases for both brands and generics and the historic impact of breakthrough cures for Hepatitis C.

U.S. market growth is expected to decelerate to 6-7% in 2016 from 12% in 2015, and is forecast to average 6–9% through 2021. This decline is a key driver of the overall global slowdown and has similar causes

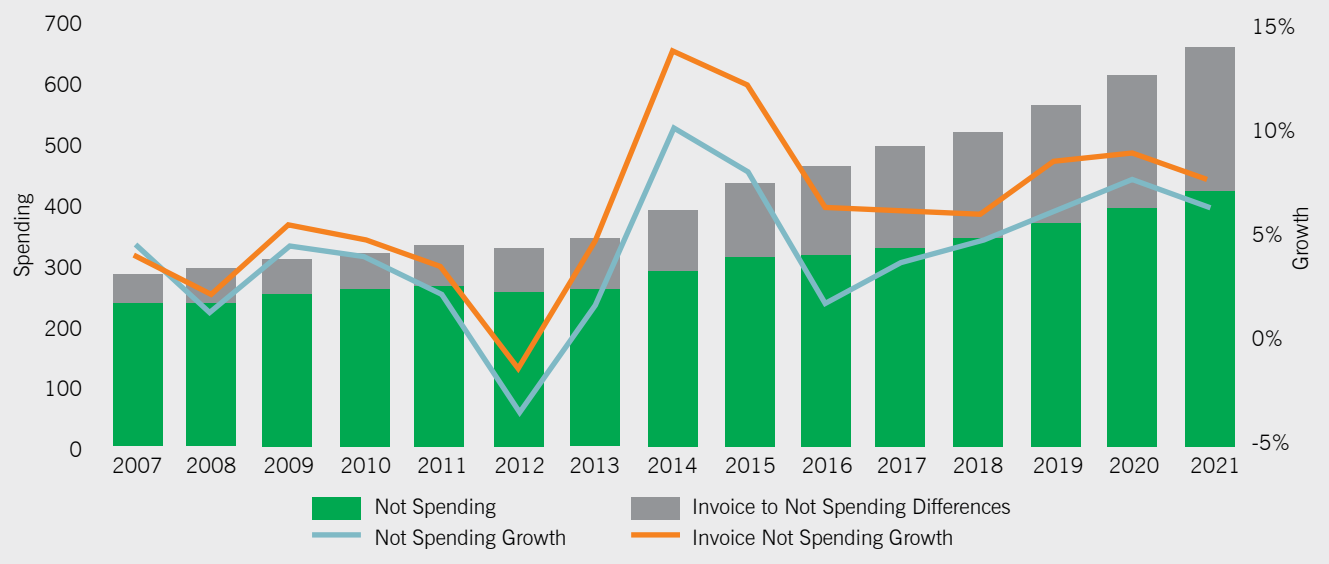
- The end of Hepatitis C-driven growth
- The greater impact of patent expiries after a period with fewer brand losses of exclusivity

Pricing, and particularly the difference between invoice and net prices, will be a key political issue for the incoming administration but is unlikely to affect the forecast net growth rates. Medicine costs will be driven by the use of transformative specialty brands and invoice price increases, offset by rebates and the use of lower-cost generics. Brand prices will increase at 8-11% – more slowly than the 12-15% in the past 3 years, and with fewer outlier major price increases as these have become unsustainable in light of high-profile media and political attention.

The reduction in overall spending as branded medicines lose exclusivity is expected to total US$143.5 billion in the next five years – more than 1.5 times the impact as in the past five years. This includes the estimated impact of biosimilars, which will contribute between US$27–58 billion, uncertainty based on multiple issues in litigation with originators, as well as regulatory, pricing and competitive dynamics.

Generic drugs now account for nearly 90% of prescriptions, and that is projected to rise to 92% by 2021 as more medicines lose patent protection and rapidly shift to generics. Zero cost prescriptions accounted for 28.6% of prescriptions in 2016 which is expected to scale to 34% of prescriptions by 2021, driven by mostly generic and older medicines.

U.S. Medicines Spending and Growth 2007-2021 US$ billion



Souce: MS Market Prognosis, September 2016, Quintles IMS Institute, October 2016

India in the US

In a nearly US$400-billion US pharmaceutical market, generic drugs make up for just about US$70-80 million, though generic drugs account for 88% of prescriptions dispensed in the US.

India supplies 40% of the generic medications consumed in the US. As such the Indian pharma industry has contributed significantly to contain and bring down healthcare costs in the US by supplying high-quality yet affordable generic drugs. India-made generics sometimes cost just a tenth of branded drugs sold in the US and between 2005 and 2014, generic drugs saved the US healthcare system US$1.7 trillion.

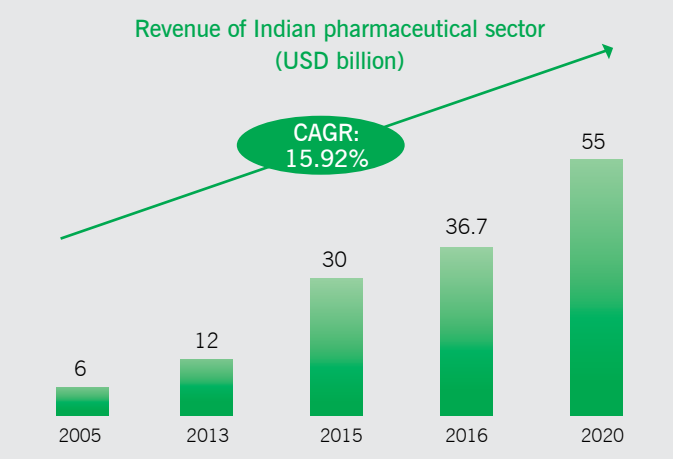
Drug pricing has become a sensitive subject in the US in recent times with the government bearing down on pharmaceutical companies for increasing prices. While most of the clamour has been around increase in prices of branded products, generics have also come under scrutiny with the antitrust division of the US Department of Justice probing sharp increases in prices of certain generic products and the possibility of drug makers acting as a cartel.

Indian generic drug companies are facing significant pricing pressure in the US because of consolidation of distribution channels and rising competition. On an average, Indian companies are witnessing 8-9% price erosion in generics in the US, which is expected to continue in the next few years.

The domestic pharmaceutical space

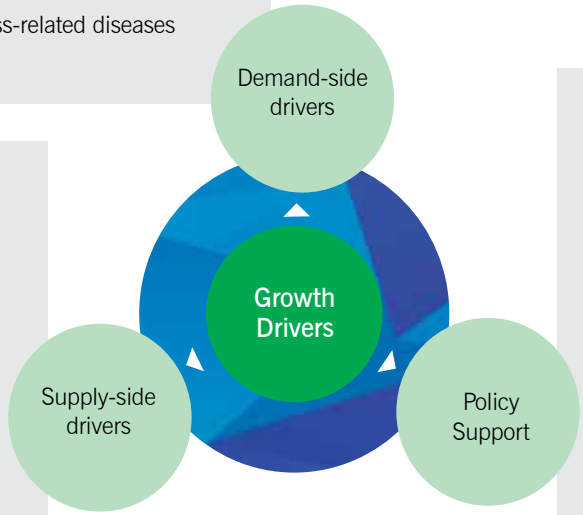
- Accounts for ~2.4% of the global pharmaceutical industry in value terms and 10% in volume terms.
- Third largest global generic API merchant market, with a 7.2% market share
- Largest exporter of formulations in terms of volume, with 14% market share and 12th in terms of export value
- Generic drugs account for 20% of global exports in terms of volume, making the country the largest provider of generic medicines globally
- Generic drugs accounts for 70% (in terms of revenues) of the Indian pharmaceutical sector
- India's spend on drugs is among the lowest among the top-15 pharma markets; the per capita spend has been around US$60-64 per annum (between 2010 and 2014) as per World Bank
- In India, public spending on health is 1.1% of GDP; well below the world average of 5.99%.

The Indian pharmaceuticals market witnessed growth at a CAGR of 17.90%, during 2005-16; with the market increasing from USD6 billion in 2005 to USD36.7 billion in 2016and is expected to expand at a CAGR of 15.92% to US$ 55 billion by 2020.



What will catalyse growth…

- Increasing fatal diseases
- Accessibility of drugs to greatly improve
- Increasing penetration of health insurance
- Growing number of stress-related diseases due to change in lifestyle



- Cost advantage
- Skilled manpower
- India is a major manufacturing hub for generics
- In FY16, 546 sites registered at USFDA. India accounts for 22% of overall USFDA approved plants
- Increasing penetration of chemists

- National Health Policy 2015, which focuses on increasing public expenditure on the healthcare segment
- Reduction in approval time for new facilities
- Plans to set up new pharmaceutical education and research institutes
- Exemption to drugs manufactured through indigenous R&D from price control under NPPP-2012

By 2020

…India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size

Business performance and prospects

Vivimed Labs is a Hyderabad based manufacturer focused on pharmaceutical and speciality chemical sector. The Company has 11 manufacturing plants (eight domestic and three overseas) across three continents. The pharmaceuticals vertical is engaged in the API-CDMO operations, APIs and formulations for leading generics-manufacturing companies. The specialty chemicals segment produces active ingredients for a range of home, personal care and industrial products.

Pharmaceuticals business

1,010.38
Revenue in 2016-17
(₹ crore)

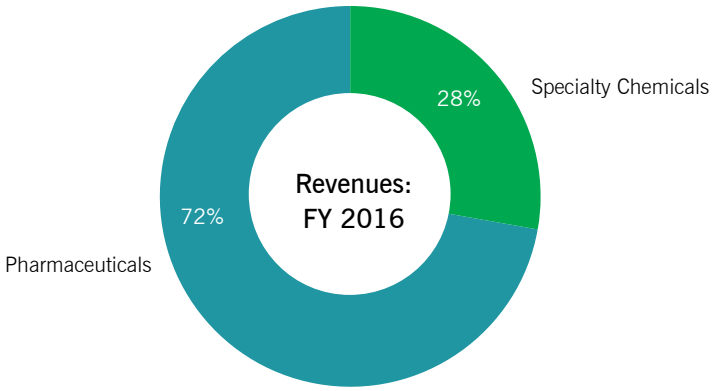
144
EBIDTA in 2016-17
(₹ crore)

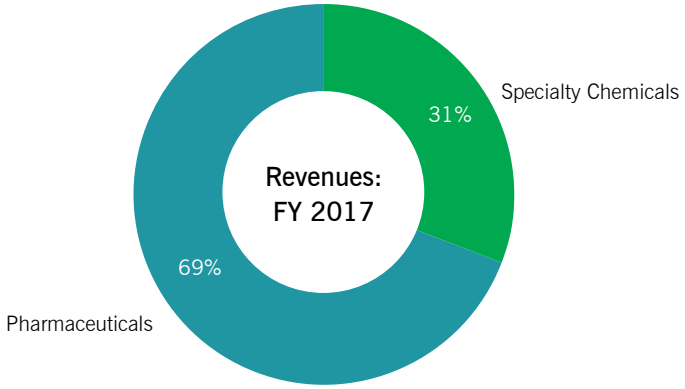
Specialty chemical business

451.52
Revenue in 2016-17
(₹ crore)

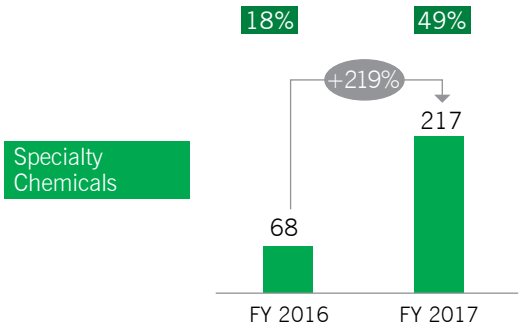
217
EBIDTA in 2016-17
(₹ crore)

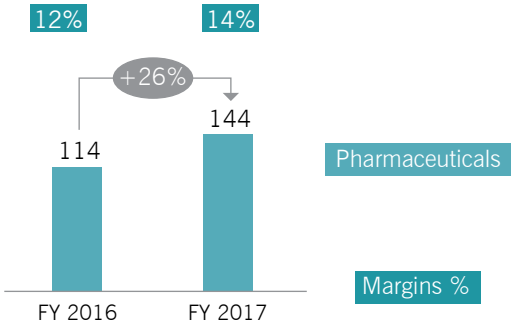
2016-17 vs 2015-16





Operating Profit





Figures in ₹ crores as GAAP

Pharmaceuticals

"We have taken a number of strategic initiatives over the last 12-18 months that have started yielding results. Our pharmaceuticals business is growing from strength to strength. In the API segment, a better product mix, increase in API-CDMO operations and higher market share for our generic product portfolio continue to drive the performance. Our successful track record of regulatory compliance has provided us a competitive edge and has been a key differentiator for both the CMO and the generic businesses.

Vivimed is an integrated pharmaceutical player with a presence across the value chain. The Company manufactures APIs and formulations covering diverse therapeutic segments. Its products are marketed in regulated and pharmerging markets. The Company manufactures niche APIs and formulations (generic and branded) and partners leading global pharmaceutical companies for contract manufacturing assignments for APIs and generic formulations.

The API segment is the flagship revenue vertical in the pharmaceuticals segment contributing more than 60% of the pharmaceuticals revenue; it is also the critical growth catalyst for the Company.

Position of advantage

27 years of working with marquee clients in the pharmaceuticals space.

Extensive chemistry knowledge enabling it to create a wide basket of products across diverse therapeutic segments.

Vertically integrated operations have enhanced cost competitiveness

Facilities and processes are benchmarked with stringent global standards, ensuring consistently high product quality.

API segment

Vivimed's API business is driven by Uquifa s.a. its Spanish subsidiary of Vivimed Labs with 80 years of experience. The Company has US FDA approved manufacturing units in Spain (2) and Mexico (1).

The API business comprises generic products and API-CDMO operations for global pharma majors. The Company manufactures 50-plus generic APIs covering diverse therapeutic segments across international facilities (Spain and Mexico). About 40% of the portfolio comprises anti-ulcer medications; the rest cater to various segments, namely oncology, HIV, general therapeutics and quaternary APIs.

Over the 80 presence in this business space, the Company has nurtured strong business relations with marquee clients across the globe. Its R&D team has filed more than 40 Type-II DMFs with the USFDA and more than 150 DMFs worldwide – showcasing growth sustainability over the medium term.

Within the API space, the Company undertakes CDMO projects for prominent global and domestic pharmaceutical companies which provide long-term revenue visibility and enhance the overall capacity utilisation of the API manufacturing infrastructure.

The CDMO business has registered exponential growth due to strong a R&D global team, emerging products, and partnerships with global players such as GSK, Pfizer, Gillead, Esteve, etc.

Factors driving growth

New product launches to secure future growth in generics

- New launches are likely to be more customer driven projects which provide high revenue visibility and mitigates the risk of product development
- Customer base has mix of established names like GSC, Gilead, Actavis, Sandoz, Mylan, AET, Boehringer Ingelhein, Sanofi and Teva growing franchises like, Normon, Esteve, among others.

Product portfolio to have younger profile as new generics enter

- Innovative co-development options helps build a stable revenue base and attain superior profitability
- AET, Stada, Kem and other leading EU formulators are leveraging UQUIFA's chemistry advantages

The Company manufactures 50-plus generic APIs covering diverse therapeutic segments across international facilities (Spain and Mexico).

UQUIFA's competitive positioning

UQUIFA is well positioned in the pharmaceutical industry, in Europe and USA, with a diversified product portfolio, consistently compliant production, over 80 years of experience and well, known supplier to the industry.

This competitive positioning facilitates

…in emerging as the preferred choice in the European markets

…gaining better market share in some of our established generic products and

…ramping up volumes in the CMO business in key accounts

15+

Product pipeline in under various stages of development at the R&D facilities

Formulation segment

This is a value added business that delivers quality formulations and offers novel drug systems. The Company manufactures a wide range of dosage forms which find acceptance in regulated and pharmerging markets. In addition to marketing generic products, the Company enjoys strong relationships (CDMO assignments) with leading pharmaceutical majors; most relationships extending over five years.

The Company has strategically segregated its formulation vertical into three verticals – regulated markets, pharmerging markets and CDMO assignments – for disciplined focus on every vertical.

Performance, 2016-17

Revenue from CDMO operations increased by more than 11% while revenue from branded formulations declined by more than 50% compared to 2015-16. The decline was primarily due to the strategic exit from the branded formulations in ophthalmology.

8

Strong FDF pipeline (products)

CDMO

Products delivered include capsules and Tablets, syrups and liquids, nasal sprays and ointments.

Business relations with leading companies like GSK, Dr Reddy's, Cipla, Merck Serono, Abbot, Wockhardt, among others

Regulated Markets

Acquired US FDA approved Solid Oral Dosage (SOD) facility, at Alathur, Tamil Nadu with a capacity of 2 Billion SOD

Caters mainly to the US market and is focused on institutional business

Recently entered into a JV with Shasun, Strides to establish a strong presence in the US markets

Pharmerging Markets

Focused towards, meeting the customer requirements in India, Southeast Asia, Middle east etc with the help of diverse branded formulations portfolio in Pain management, Nutraceutical and Dermatology segments

Leveraging the manufacturing strengths to be the manufacturing partners for global pharmaceutical organisations

Leveraging strengths to catalyse business growth

Strengths

- A dedicated team of 60 scientists working on formulation developments for USA / Australia / EU and India market
- Back-end API manufacturing facility which is USFDA approved
- Pan India presence in institutional businesses like ESIC, Railways and Central Government rate contracts
- Registered and commercialised 4 products which includes Antiviral like Valaciclovir Aciclovir, Pas Granules for supplies to the
- Tuberculosis program in Russia
- 4 Commercial ANDAs today

Growth drivers

- Working on launching formulations based on UQUIFA API's in India and ROW markets
- Developing innovative formulations across various delivery formats for ROW regions like Russia, Philippines, Ukraine and ASEAN Regions
- Recent JV with Strides Shasun will help in establishing a strong presence in the US formulations market
- Healthy product pipeline and focus for new filing pipeline of 4-6 new files every year
- Focus to expand into the non-USA based regulated generic markets such as the CIS and African Countries

Specialty Chemicals

"For our Specialty Chemical business we are in a period of transition after the Clariant transaction. However, I think there is a lot of interesting things are in the pipeline. The next one year would see some products coming in specialty chemical side which should lead to interesting volumes."

Specialty chemicals are a niche, high-value business of manufacturing active ingredients that are used in home care, personal care and industrial products. Specialty chemicals are customised to stringent global and customer-specific standards marked by time-consuming customer enlistment, reducing instances of vendor switching, thus providing long-term revenue visibility.

Vivimed is an experienced player, developing active customized ingredients for global clients. More than 30% of the division's topline was derived from the top-10 global brands.

The Company's products (sun and skin care, personal care, naturals, industrial chemicals among others) are manufactured at its Bidar facility. The Company's manufacturing facilities, R&D lab, systems and processes are aligned with globally best practices certified by globally reputed agencies.

The Company's product range includes hair dyes, photochromic dyes, photochromic products, anti-microbials and imaging chemicals - its 100+ product portfolio and flexibility of managing diverse customer requirements (batch size and delivery schedule) have resulted in a robust list of 300+ marquee customers.

The Company possesses world-class R&D facilities at it Huddersfield, UK and Hyderabad, India centers which house cutting-edge technology and sophisticated equipment; its research capability is reflected its 15-member strong research team which possesses a combined dye chemistry experience of greater than 100 years.

Performance, 2016-17

Revenue from this revenue vertical increased by 13% from ₹398.9 crore in 2015-16 to ₹452.2 crore in 2016-17. EBIT grew by 21.6% from ₹371.43 crore in 2015-16 to ₹451.53 crore in 2016-17 and profitability margins scaled (EBIT margin stood at 48.1%) as the Company strengthened its focus on niche value-added products namely photochromic and hair dyes.

The personal care segment saw an increase in manufacturing volumes largely from the hair dyes segment. In the home care segment, antimicrobials continued to perform well. The industrial segment continued to grow with new product offerings in the higher margin photochromic and imaging products which were well received by customers.

Distinction

Vivimed is a world leader in the development of innovative photochromic dyes.

Vivimed has patented processes for novel dyes targeting a range of applications

Recognition

R&D certified as a GLP Laboratory by CISR - a government of India undertaking

Awards from Johnson & Johnson– Quality Promise to Zero Defect in 2010 and implementation of Supplier Enabled Innovative Idea in 2005

Certificate of Appreciation from Hindustan Unilever Limited in 2009

Recipient of the Queens Award in 2008

UK's R&D team got the Centenary Medal by The Society of Dyers and Colourists (SDC) for Photochromic Dyes in 2005

Growth strategy

Increasing market share from existing products

Jarocol

Jarocol is a globally recognized trademark serving £ 10 billion retail market and is growing by 5-6% year-on- year.

Vivimed is strategically aligned with global R&D teams through joint collaborations to bring in new and safer dyes into market for growth. The Company is positioned well to cater to Tier 2/3 category of customers.

Reversacol

Reversacol is a niche IP protected eyewear photochromic dyes brand.

The Company's growth strategy includes seeking opportunities for widening the application of this intermediate beyond eyewear.

Anti-microbial and Pharma intermediates business

Reversacol is a niche IP protected eyewear photochromic dyes brand.

The Company's growth strategy includes seeking opportunities for widening the application of this intermediate beyond eyewear.

New Focus Verticals

Naturals

Cosmeceuticals: Beauty from within

Nutraceutical: Dietary Supplements

Personal care (Alliances)

Peptides

Ceramides

OSKI

Lateral shift

Paint Industry: Anti fungal

Automotive Industry: Air bag actives, Printable Electronics Water treatment, Lens project in India

Perceived apprehensions and their alleviation

Our risk management framework encompasses strategy and operations and seeks to proactively identify, address and mitigate existing and emerging risks. The risk management framework goes far beyond traditional boundaries and seeks to involve all key managers of the Company.

There is a formal monitoring process at unit and company level, wherein new risks are identified, categorised as per impact and probability, mapped to key responsibilities of select managers and managed with appropriate mitigation plan. Further, the risk management framework is reviewed annually by the senior management team to ensure its relevance despite dynamic economic and sectoral realities.

GROWTH RISK

How will the Company sustain business growth over the medium term?

Mitigation: The Company has strategically identified pharmaceuticals as its business key driver over the medium term. In the API space – generic and API-CDMO – the Company strengthened relations with existing clients and added new global pharmaceutical names to its marquee client list which holds the potential for significant business accretion over the coming years.

In addition to the Formulation's segment, the Company widened its product basket for the US markets which augurs well for revenue growth. In addition, the Company's strong product pipeline – to be launched in the next couple of years – provides promise for robust growth from this revenue vertical.

PROFITABILITY RISK

How will the Company improve business profitability going forward?

Mitigation: The Company has strategically moved from the commodity to the value-added segments in both businesses – pharmaceuticals and specialty chemicals – lifting itself into uncluttered spaces which promise superior return on investment. In the specialty chemical vertical, the Company has selected to be present in niche product spaces namely hair dye and photochromics which fetch premium margins. In the pharmaceuticals vertical, the Company is working on developing a pipeline of niche products (APIs and Formulations) which will facilitate in strengthening business margins. The effects of the Company's strategy has started yielding benefits as its operating and net margins improved in 2016-17 over the previous year.

COST RISK

How will the Company mitigate business profitability from rising costs and inflationary headwinds?

Mitigation: Operational efficiency has been a continuous journey at Vivimed as the team continuously works towards strengthening man-machine productivity and reducing wastages. In addition, the earlier capacity enhancements (made upto 2015-16) are now moving closer to optimum utilisation which is driving economies of scale. Further, the Company's divestment of non-core revenue verticals and consequent deleveraging of its financial statements have significantly improved business profitability.

QUALITY RISK

How will the Company sustain its quality commitment in the face of increasing stringency?

Mitigation: The Company's passion for quality is reflected in its operation facilities successfully clearing audits and inspections from global regulatory authorities and globally-respected marquee clients over the recent past – this ensures quality products are delivered to customers on a sustained basis. To upgrade its systems and process to global best-practices, the Company continues to invest in cutting-edge solutions for strengthening shop-floor capability and in technical and sectoral knowledge for improving people capability. These factors are facilitating in increasing the Company's customer base in both revenue verticals.

FUNDING RISK

How will the Company fund its growth initiatives

Mitigation: Currently, the Company in the phase of consolidation of business during which the focus is on building around what it has created over the years while responding with speed and sensibility to evolving landscapes This means funding requirement is not going to be that significant. Further, sale of non-core business spaces have increased organisational liquidity are strengthened the financial statements which can be used to garner adequate funds at a reasonable costs. In addition, business growth and disciplined working capital management would help in shoring net cash from operations which can be prudently utilised in business growth initiatives.

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 29th Annual Report of your Company for the financial year ended 31st March, 2017.

FINANCIAL RESULTS

The financial performance of your Company for the year ended 31st March, 2017 is summarized below: (₹ in millions)

	Standalone		Consolidated	
	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from Operations (Net)	5,721.79	3,203.77	14,699.62	13,564.40
EBITDA	2,618.25	861.82	4,197.54	2,428.92
Less : Finance Costs	535.50	560.59	655.18	815.66
Less : Depreciation	268.32	187.92	582.77	613.93
Profit Before Exceptional Items & Tax	1,814.43	113.31	2,959.59	999.32
Exceptional Items	0.00	0.00	0.00	0.00
Profit Before Tax	1,814.43	113.40	2,959.59	999.32
Less : Tax Expense	487.63	32.12	742.22	162.59
Profit After Tax	1,326.80	81.28	2,217.37	836.73
Less: Minority Interest	Nil	Nil	Nil	Nil
Profit attributable to shareholders of the Company	1326.80	81.28	2,217.37	836.73
Opening balance in Statement of Profit and Loss	2013.72	1932.48	4,571.47	3,785.01
Amount Available for Appropriation	3,546.09	2013.76	4,571.47	4,621.74
That the Directors recommends for appropriation as under:				
Transfer to General Reserve	-	-	-	-
Closing Balance in Statement of Profit and Loss	3,546.09	2013.76	4,571.47	4,621.74

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

On a consolidated basis, your Company reported net revenue of ₹14,699.62 million as against ₹13,564.40 million. EBITDA for FY2017 was ₹4,197.54 million compared to ₹2,428.92 million in the previous year. Net profit after minority interest for the group for the current year is ₹2,217.37 million as against ₹836.73 million in the previous year.

Net revenue from operations on standalone basis increased to ₹5,721.79 million as against ₹3,203.77 million in the previous year. FY2017 EBITDA was ₹2,618.25 million compared to ₹861.82 million in the previous year. The Profit after Tax for the current year is ₹1,326.80 million.

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year FY2017 and the date of this report.

SHARE CAPITAL

The Authorised Share Capital of the Company is ₹111,00,00,000/- (Rupees One Hundred Eleven Crores only) comprising 20,00,00,000 (Twenty crores) Equity Shares of ₹2/- (Rupees Two Only) each, and 71,00,00 (Seven Lakh Ten Thousand only) Preference Shares of the Company with a par value of ₹1,000/- (Rupees One Thousand only) each. The Paid Up Share Capital of the Company is ₹16,20,37,830 (rupees sixteen crores twenty lakhs thirty-seven thousand eight hundred and thirty only) divided into 162,03,783 equity shares of ₹2/- each as on March 31, 2017.

TRANSFER TO GENERAL RESERVE

The Company proposes not to transfer funds to general reserves for the FY2017. The total Reserves & Surplus (including Capital Reserve, Securities Premium Reserve, Central Subsidy, General Reserve and Surplus) as on March 31, 2017 is ₹5,329.12 million.

DIVIDEND

Your directors are pleased to recommend a dividend of ₹0.40/- on every equity share of face value ₹2/- each (20%) for FY2017. The dividend, if approved at the 29th Annual General Meeting

(AGM), will be paid to those shareholders whose names appear on the register of members of the company as of the end of day on Friday, September 22, 2017 (Record date/cut off date).

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

LOANS AND INVESTMENTS

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on 31st March, 2017, are set out in the Standalone Financial Statements forming part of this report.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of your Company for the financial year FY2017 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, applicable Accounting Standards and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations").The consolidated financial statements have been prepared on the basis of audited financial statements of your Company, its subsidiaries and associate companies, as approved by the respective Board of Directors.

SUBSIDIARIES

A separate statement containing the salient features of financial statements of all subsidiaries of your Company forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. The financial statements of the subsidiary companies and related information are available for inspection by the members at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting ('AGM') as required under Section 136 of the Companies Act, 2013. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Corporate Office of your Company. The financial statements including the consolidated financial statements, financial statements of subsidiaries and all other documents required to be attached to this report have been uploaded on the website of your Company www.vivimedlabs.com.

The financial performance of each of the subsidiaries and joint venture companies included in the consolidated financial statements of your Company is set out in the Annexure -1 to this Report. Additional details of the performance and operations of the subsidiaries along with details of the investments made by your Company are set out in the Management Discussion and Analysis which also forms part of this report

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's various businesses viz., the pharmaceuticals, Specialty chemicals, API's business, internal controls and their adequacy, risk management systems and other material developments during the financial year FY2017.

CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from the Auditors on its compliance forms an integral part of this report.

INDUSTRIAL RELATIONS

Your Company has always considered its workforce as its valuable asset and continues to invest in their excellence and development programs. Your Company has taken several initiatives for enhancing employee engagement and satisfaction.

The industrial relations in respect of all manufacturing facilities and divisions of your Company are normal.

DIRECTORS AND KEY MANAGERIAL PERSONNEL RETIREMENT BY ROTATION AND SUBSEQUENT RE-APPOINTMENT:

Shri. Sandeep Varalwar and Shri. Srirambatla Raghunandhan, Directors, are liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered themselves for re-appointment. Appropriate resolutions for their re-appointment are being placed for your approval at the ensuing AGM. The brief resume of the Directors and other related information has been detailed in the Notice convening the 29th AGM of your Company. Your Directors recommend their re-appointment as Directors of your Company.

The Independent Directors of your Company are not liable to retire by rotation.

Shri. Santosh Varalwar, Managing Director, Shri. Pavan Kumar M, Chief Executive Officer, Shri. Ramesh Challa, Chief Financial Officer and Shri. K. Yugandhar, Company Secretary, are the Key Managerial Personnel of your Company in accordance with the provisions of Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES:

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this report.

The Managing Director of your Company does not receive remuneration from any of the subsidiaries of your Company.

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of your Company is set out in Annexure-2 to this report and is also available on the website of your Company (www.vivimedlabs.com).

DECLARATION OF INDEPENDENCE:

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16(1)(b) of Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force).

EVALUATION OF BOARD'S PERFORMANCE:

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force), the process for evaluation of the annual performance of the Directors/ Board/ Committees was carried out. The criteria applied in the evaluation process are detailed in the Corporate Governance Report which forms part of this report.

NUMBER OF MEETINGS OF THE BOARD AND ITS COMMITTEES

The details of the meetings of the Board of Directors and its Committees, convened during FY2017 are given in the Corporate Governance Report which forms a part of this report.

EMPLOYEE STOCK OPTION PLAN (ESOP 2010)

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plan of the Company in accordance with the applicable SEBI Guidelines.

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2015 (cumulative position) with regard to the Employees' Stock Option Scheme (ESOS) are herein under provided.

The details of the stock options granted / vested / exercised under the Vivimed Labs Employee Stock Option Plan 2010 approved by the members in 22nd AGM, are given below:

Sl. no.	Description	Details
(a)	Options granted till date under the scheme	25,00,000 #
(b)	Pricing formula	More than 50% price calculated as per SEBI guidelines. On National Stock Exchange (where there was highest trading volume).(As per the resolution the Company can give upto 50% discount on market price calculated as per SEBI Guidelines)
(c)	Options vested during the year	25,00,000
(d)	Options exercised during the year	Nil
(e)	Total number of shares arising as a result of exercise of options	Nil
(f)	Options lapsed during the year	Nil
(g)	Options lapsed till date under the scheme	Nil
(h)	Variation in terms of options	Nil
(i)	Money realized by exercise of options during the year	Nil
(j)	Total number of options in force	25,00,000
(k)	Employee wise details of options granted to:	

(k)	(i) Senior managerial personnel	
	Name	No. of options
	1. Suresh Mishra	1,25,000
	2. Ramesh Challa	1,25,000
	3. Sumatiprakash Madanlal Jain	2,50,000
	4. Paaritosh Kumar. V.	1,25,000
	5. Vivekananda A M	1,25,000
	6. Phanindernath Petasonti	4,25,000
	7. Dayasagar Vaidya	1,25,000
	8. Kalyan Chakraworty	1,50,000
	9. Ravi Kiran Vaidya	2,50,000
	10. Satish Chandra Deshpande	1,25,000
	11. Satish Chandra Mudgade	1,25,000
	12. Ram Caesar	1,00,000
	13. Tatikonda Sreekanth	1,00,000
	14. Girish Gotimukul	1,00,000
	15. Sheshi Reddy	50,000
	16. Govardhan	50,000
	17. A. Raghu Ramulu	50,000
	18. A. S. Lahari	1,00,000
	(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil
(l)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS)20 –Earning per share.	Not Applicable
(m)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost that shall have been recognized if it had used the fair value of the options.	Not Applicable
(n)	Weighted-average exercise prices and weighted-average fair values of options, whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
(o)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	Not Applicable

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

AUDITORS AND AUDITORS' REPORT

Statutory Auditors:

M/s. P. Murali& Co., Chartered Accountants, the existing Statutory Auditors, have been in the office for a period of more than 10 years at the commencement of the Companies Act, 2013, which provides a transition period of 3 years for appointing new Statutory Auditors.

Further, as per the Companies (Removal of Difficulties) Third Order, 2016 dated June 30, 2016 of Ministry of Corporate Affairs, the Company is required to appoint new Statutory Auditors at the ensuing Annual General Meeting (AGM). Based on the recommendation of the Audit Committee, the Board of Directors have approved the appointment of M/s. Chandra Babu Naidu & Co., Chartered Accountants, as Statutory Auditors of the Company for a period of one year from the conclusion of ensuing 29th AGM till the conclusion of 30th AGM, subject to approval of the members at the ensuing AGM.

M/s. Chandra Babu Naidu & Co., Chartered Accountants have informed to the Company that their appointment, if made, would be within the limits prescribed under section 141 of the Act. They have also furnished a declaration confirming that their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report of M/s. P. Murali & Co., Chartered Accountants and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

Cost Auditor:

The Board of Directors of your Company, on the recommendations made by the Audit Committee at its meeting held on 31.08.2017 has approved the re-appointment of M/s. A.S. Rao & Co, Cost Accountants, (Firm Registration No.000326) as the Cost Auditor of your Company to conduct the audit of cost records for the financial year FY2017. The remuneration proposed to be paid to the Cost Auditor, subject to your ratification at the ensuing 29th AGM, would not exceed ₹1.1 lacs (Rupees One lac Ten thousand only) excluding taxes and out of pocket expenses, if any.

Your Company has received consent from M/s. A.S. Rao & Co, Cost Accountants, to act as the Cost Auditor for conducting audit of the cost records for the financial year 2018 along with a certificate confirming their independence and arm's length relationship.

Secretarial Auditor:

In terms of Section 204 of the Companies Act, 2013, the Board of Directors of your Company at its meeting held on 31.08.2017 has appointed Mr .N.V.S.S. Suryanarayana Rao, Practicing Company Secretary (Certificate of Practice No.2886), as the Secretarial Auditor to conduct an audit of the secretarial records, for the financial year 2018.

Your Company has received consent from Mr. N.V.S.S. Suryanarayana Rao, to act as the auditor for conducting audit of the Secretarial records for the financial year ending 31st March, 2018.

The Secretarial Audit Report for the financial year ended 31st March, 2017 is annexed herewith as Annexure -3 to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return as on 31st March, 2017 in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out herewith as Annexure-4 to this report.

RELATED PARTY TRANSACTIONS

During the financial year FY2017, your Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder and the Listing Regulations.

All transactions with related parties were reviewed and approved by the Audit Committee. Prior omnibus approvals are granted by the Audit Committee for related party transactions which are of repetitive nature, entered in the ordinary course of business and are on arm's length basis in accordance with the provisions of Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations.

The details of the related party transactions as per Accounting Standard 18 are set out in the Standalone Financial Statements forming part of this report.

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as **Annexure-5**

VIGIL MECHANISM

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company.

Any incidents that are reported are investigated and suitable action taken in line with the whistle blower policy. The Whistle Blower Policy is also available on your Company's website www.vivimedlabs.com.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR expenditure incurred by your Company during the financial year 2017 was ₹32 lakhs.

The CSR initiatives of your Company were under the thrust areas of water management.

Your Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31st March, 2017, in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as **Annexure-6**.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out herewith as **Annexure -7** to this report.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

Your Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below.

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 1956, to the extent applicable. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of your Company. The accounts of the subsidiary companies are audited and certified by their respective Statutory Auditors for consolidation.

Your Company operates in SAP, an ERP system, and has many of its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.

Your Company has a robust financial closure self-certification mechanism wherein the line managers certify adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

Your Company operates a shared service center which handles all payments made by your Company. This center ensures adherence to all policies laid down by the management.

Your Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Management periodically reviews the financial performance of your Company against the approved plans across various parameters and takes necessary action, wherever necessary.

Your Company has a code of conduct applicable to all its employees along with a Whistle Blower Policy which requires employees to update accounting information accurately and in a timely manner. Any non-compliance noticed is to be reported and actioned upon in line with the Whistle Blower Policy.

Your Company gets its Standalone accounts limited review every quarter by its Statutory Auditors.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

GENERAL

a) Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise; and

b) Your Company have ESOP scheme for its employees/ Directors.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Directors of your Company confirm that:

(a) in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable Accounting Standards and Schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there are no material departures from the same;

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

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being

in force) for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a 'going concern' basis;

(e) proper internal financial controls laid down by the Directors were followed by your Company and that such internal financial controls are adequate and operating effectively; and proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

CAUTIONARY STATEMENT

The management of Vivimed Labs has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, may include amounts based on informed judgments and estimates. The management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Management has based these forward looking statements on its current expectations and projections about future events. Such statements involve known and unknown risks, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs may cause actual results to differ materially.

POLICY ON SEXUAL HARASSMENT

The Company has adopted policy on Prevention of Sexual Harassment of women at Workplace in accordance with The Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company has not received any complaints pertaining to Sexual Harassment.

APPRECIATION

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board

Sd/-
Manohar Rao Varalwar
Whole time Director

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad
Date: 31.08.2017

ANNEXURE-1 TO BOARD'S REPORT

The financial performance of each of the subsidiaries and joint venture companies included in the consolidated financial statements are detailed below:

(₹ in millions)

Sr. No.	Name of the Subsidiary/ Associates company	Turnover		Profit/(Loss) Before Tax		Profit/(Loss) After Tax	
		Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
A)	Foreign Subsidiaries						
1	Vivimed Holdings Limited	Nil	Nil	(4.15)	Nil	(4.15)	Nil
2	Vivimed Labs Europe Limited	1004.24	1123	221.49	160.04	177.84	128.00
3	Vivimed Labs USA Inc	320.78	455	10.71	6.23	6.08	2.76
4	Vivimed Labs Mauritius Limited	Nil	Nil	(22.28)	(7.20)	(22.28)	(7.20)
5	Vivimed Labs UK Limited	Nil	Nil	(13.36)	30.09	(13.45)	29.09
6	Vivimed Labs Spain S.L	Nil	Nil	(204.77)	(82.36)	(142.58)	(29.94)
7	Union QuimicoFarmaceutica S.A.U	5706.33	5556.66	522.57	485.16	408.28	431.64
8	Holliday International Limited	Nil	Nil	74.67	28.98	70.78	26.00
9	Uquifa Mexico S.A DE C.V	2226.90	1744.81	577.64	227.97	427.40	192.18
B)	Indian Subsidiaries						
1	Creative HealthCare Private Limited*	-	989.54	-	80.94	-	55.80
2	Klarsehen Private Limited*	-	373.37	-	52.83	-	36.19
3	Octtantis Nobel Labs Private Limited*	-	Nil	-	(12.08)	-	(12.08)
4	Vivimed Labs (Alathur) Private Limited*	-	323.19	-	(83.21)	-	(95.51)
5	Finoso Pharma Private Limited	64.88	68.83	(8.78)	(1.47)	(8.78)	(1.47)
6	Vivimed Specialty Chemicals Private Limited	-	-	-	-	-	-
7	Vivimed Life Sciences Private Limited	-	-	-	-	-	-

**Creative HealthCare Private Limited, Klarsehen Private Limited, Octtantis Nobel Labs Private Limited and Vivimed Labs (Alathur) Private Limited are merged with Vivimed Labs Limited on 09.01.2017*

Notes:

1. Vivimed Life Sciences Private Limited was incorporated on 20th February, 2017.
2. Indian rupees equivalent of the foreign currency translated at the exchange rate as at 31st March, 2017 for current period and 31st March, 2016 for previous period.

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Place: Hyderabad,
Date: 31.08.2017

ANNEXURE-2 TO BOARD'S REPORT

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

A. Ratio of remuneration of each Director to the median remuneration of all the employees of your company for the Financial year 2016-17 is as follows:

Name of Director(s)	Total Remuneration (₹)	Ratio of remuneration of director to the Median remuneration
Santosh Varalwar	60,00,004	26.70
Subhash Varalwar	60,00,004	26.70
Manohar Rao Varalwar	60,00,004	26.70
Sandeep Varalwar	60,00,004	26.70
Srirambatla Raghunandan	50,00,004	22.25
Prof M Bhagvanth Rao	3,75,000	1.66
Nixon Patel	50,000	0.22
Peesapati Venkateswarulu	1,50,000	0.66
Paaluri Venkatarathnam	3,75,000	1.66
Umanath Varahabhotla	1,00,000	0.44

Notes:

1. The information provided above is on standalone basis.
2. The remuneration of Non-Executive Directors is sitting fees paid to them for the financial year 2016-17.
3. Median remuneration of the Company for all its employees is ₹2,24,693/- for the financial year 2016-17.

B. Details of percentage increase in the remuneration of each Director and CEO, CFO & Company Secretary in the financial year 2016-17 are as follows:

Name(s)	Designation	Remuneration (in ₹)		Increase (in %)
		2016-17	2015-16	
Santosh Varalwar	Managing director	60,00,004	60,00,004	0
Subhash Varalwar	Whole-time director	60,00,004	60,00,004	0
Manohar Rao Varalwar	Whole-time director	60,00,004	60,00,004	0
Sandeep Varalwar	Whole-time director	60,00,004	60,00,004	0
Srirambatla Raghunandan	Whole-time director	50,00,004	50,00,004	0
Prof M Bhagvanth Rao	Director	3,75,000	3,05,000	22.95
Nixon Patel	Director	50,000	25,000	100.00
Peesapati Venkateswarulu	Director	1,50,000	1,15,000	30.43
Paaluri Venkatarathnam	Director	3,75,000	5,55,000	-32.43
Umanath Varahabhotla	Director	1,00,000	90,000	11.11
Ramesh Challa	Chief Financial Officer	48,00,144	Nil	#
Pavan Kumar M	Chief Executive Officer	76,92,960	Nil	#
Yugandhar Kopparthi	Company Secretary	20,84,850	18,36,004	13.55

Notes:

1. # Appointed / worked during the referred financial year
2. The remuneration to Non-Executive Directors is sitting fees paid to them for the financial year 2016-17.
3. The remuneration to Directors is within the overall limits approved by the shareholders of your Company.

C. **Percentage increase in the median remuneration of all employees in the financial year 2016-17:** (Amount in ₹)

	2016-17	2015-16	Increase (in %)
Median remuneration of all employees per annum	2,24,693	2,60,835	-13.85

D. **Number of permanent employees on the rolls of your Company as on 31st March,2017:**

Executive/Manager cadre	122
Staff	387
Operators/Workmen	188
Total	697

E. **Explanation on the relationship between average increase/decrease in remuneration and Company Performance:**

The decrease/ increase in average remuneration of all employees in the financial year 2016-17 as compared to the financial year 2015-16 was -13.85%.(the decrease is due to divesture of Bonthapalli unit)

The key indices of Company's performance are: (₹ in millions)

	2016-17	2015-16	Growth(%)
Net Revenue from operations	5,698.38	3,193.94	78.37
Profit Before Tax and Exceptional Items	1,814.43	113.40	1500.00
Profit After Tax	1,326.80	81.28	1532.38

Your Company is committed in ensuring fair pay and a healthy work environment for all its employees. Your Company offers competitive compensation to its employees. The pay also incorporates external factors like cost of living to maintain concurrence with the environment. Your Company maintains a simple compensation structure which allows the employees to have flexibility in the way in which they realize their salaries. Internal equity is ensured by appropriate fitment at the time of the employee joining a particular cadre and grade. The fixed pay for an employee depends on his/her performance against the objectives set for the year. The variable pay is paid out to the employee on the basis of the performance of your Company and the corresponding business unit or function he/ she forms a part of. Thus, there will be a positive correlation in the increase in remuneration of employees and your Company's performance; however, a perfect correlation will not be visible given the dependency on the other factors stated above.

F. **Comparison of the remuneration of the Key Managerial Personnel against the performance of your Company:**

The Profit Before Tax and Exceptional Items increased by 1500.00% in 2016-17, compared to 2015-16. The details of remuneration of Key Managerial Personnel are given in point 'H' below.

G. **Details of Share price and market capitalization:**

The details of variation in the market capitalization and price earnings ratio as at the closing date of the current and previous financial years are as follows:

	As on 31st March, 2017	As on 31st March, 2016	Increase/ (decrease) (%)
Price Earnings Ratio	6.47	82.97	-92.20
Market Capitalization (₹ in millions)	8,624.46	6,748.88	27.79

Comparison of share price at the time of first public offer and market price of the share of 31st March, 2017:

Market Price as on 31st March, 2017	106.45
Price at the time of initial public offer in 2005 (converted to price of each share for face value of ₹2/- each) ₹2/- each)	14.00
% increase of market price over the price at the time of initial public offer	660.36

Note: Closing share price on the BSE Limited (BSE) has been used for the above tables.

H. Comparison of average percentage increase in salary of employees other than key managerial personnel and the percentage increase in the key managerial remuneration:

	2016-17 (₹)	2015-16 (₹)	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	3,26,811	3,82,086	-14.46
Key Managerial Personnel			
- Salary of MD	60,00,004	60,00,004	0
- Salary of CEO	76,92,960	0	#
- Salary of CFO	48,00,144	0	#
- Salary of CS	20,84,850	18,36,004	13.35

Note: 1. # Appointed / worked during the referred financial year

I. Key parameters for the remuneration paid to the Directors:

The key parameters for the remuneration paid to the Directors are decided by the Nomination and Remuneration Committee in accordance with the principles laid down in the Nomination and Remuneration Policy.

Following are major principles for determining remuneration to the Directors:

(i) **Commission to the Non-Executive Directors:** The Nomination and Remuneration Committee recommends the Commission (variable component) payable to the Non-Executive Directors after considering their contribution to the decision making process at meetings of the Board / Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness. The Committee also reviews the commission and remuneration paid to Non-Executive Directors including Independent Directors of other similar sized companies. It is within the overall limits fixed by the shareholders of your Company.

(ii) **Commission to the Managing Director, and other whole time Directors:** The Nomination and Remuneration Committee evaluate the performance of the Managing Director and other whole time Directors by setting their Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee approves the compensation package of them and ensures that the compensation package is in accordance with applicable laws, in line with the Company's objectives, shareholders' interests, industry standards and have an adequate balance between fixed and variable components.

J. There are no employees of the Company who receive remuneration in excess of the highest paid Director of your Company.

K. Affirmation that the remuneration is as per the Nomination and Remuneration Policy of your Company:

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Nomination and Remuneration Policy of your Company.

Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

L. List of employees of your Company employed throughout the financial year 2016-17 and were paid remuneration not less than ₹60 lakhs per annum

Name	Designation	Remuneration (₹)	Qualification	Experience (years)	Joining Date	Age (years)	Last employment
Santosh Varalwar	Managing director	60,00,004	Management Graduate	31	09/11/1989	55	Shipping Corporation of India
Subhash Varalwar	Whole-time director	60,00,004	Post Graduate in Chemical Engineering and a Management Graduate	43	09/11/1989	69	Fertilizer Corporation of India
Manohar Rao Varalwar	Whole-time director	60,00,004	post-graduation in Veterinary Sciences	56	10/11/1994	80	Department of Animal Husbandry, Government of Andhra Pradesh
Sandeep Varalwar	Whole-time director	60,00,004	Graduation in B. Pharmacy	25	23/01/2008	48	V V S Pharmaceuticals & Chemicals Pvt Ltd.

Notes:

1. Shri Santosh Varalwar, Shri. Manohar Rao Varalwar, Shri. Subhash Varalwar and Shri. Sandeep Varalwar (Directors) are relatives to each other.
2. The contractual terms of Shri. Santosh Varalwar, Shri. Manohar Rao Varalwar, Shri. Subhash Varalwar and Shri. Sandeep Varalwar (Directors) are governed by the resolutions passed by the shareholders in the 27th AGM of your Company held on 30th September, 2015.
3. The above mentioned Directors are part of the promoter group and holding(Along with other promoters and persons acting in concert with them) 2,95,54,210 shares of ₹2/- each (36.48% to the total paid up capital) of your Company.
4. Remuneration includes salary, bonus, commission, various allowances, performance incentive, contribution to provident fund and superannuation fund and taxable value of perquisites but excludes provision for gratuity and leave encashment.

M. Employees employed for the part of the year and were paid remuneration during the financial year 2016-17 at a rate which in aggregate was not less than ₹5 lakhs per month:

Name	Designation	Remuneration (₹)	Qualification	Experience (years)	Joining Date	Age (years)	Last employment
Pavan Kumar M	Chief Executive Officer	76,92,960	MBA from McGill University, Canada	30	23/04/2016	58	Partner of RK Associate – Business and M&A Advisory, Dusseldorf

Notes:

1. The above mentioned employee is not related to any of the Directors of the Company within the meaning of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
2. Mr. Pavan Kumar M, is holding 2,00,000 equity shares.
3. All appointments are contractual and terminable by notice on either side.
4. Remuneration includes salary, bonus, commission, various allowances, performance incentive, contribution to provident fund and superannuation fund and taxable value of perquisites but excludes provision for gratuity and leave encashment.

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Place: Hyderabad,
Date: 31.08.2017

ANNEXURE-3 TO BOARD'S REPORT

FORM NO. MR.3.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

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

To
The Members
Vivimed Labs Limited
78/A, Kolhar Industrial Area,
Bidar – 585403, Karnataka

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vivimed Labs Limited (hereinafter referred to as "the Company"), Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

(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, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

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

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

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreement entered into by the Company with Stock Exchanges;

(iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December, 2015).

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test – check basis, the Company has complied with the following laws applicable specifically to the Company:

a. The Environment (Protection) Act, 1986 and The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;

b. Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by the State Pollution Control Boards; and

c. Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by the State Pollution Control Boards.

I further report that -

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously/with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the audit period, there was no specific event / action having a major bearing on the Company's affairs in pursuance to the laws, rules, regulations, guidelines,etc., referred to above.

Sd/-
NVSS SURYANARAYANA RAO
Company Secretary in practice
ACS No.5868
CP NO.2886

Place: Hyderabad,
Date: 31.08.2017

ANNEXURE-4 TO BOARD'S REPORT

EXTRACT OF ANNUAL RETURN

AS ON 31ST MARCH 2017

FORM NO. MGT-9

[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**	L02411KA1988PLC009465
ii.	**Registration Date**	22/09/1988
iii.	**Name of the Company**	Vivimed Labs Limited
iv.	**Category**	
	1. Public Company	√
	2. Private Company	
	Sub-category of the Company	
	1. Government Company	
	2. Small Company	
	3. One Person Company	
	4. Subsidiary of Foreign Company	
	5. NBFC	
	6. Guarantee Company	
	7. Limited by shares	
	8. Unlimited Company	
	9. Company having share capital	√
	10. Company not having share capital	
	11. Company Registered under Section 8	
i.	**Address of the Registered office & contact details**	
	Company Name	Vivimed Labs Limited
	Address	Plot No.78/A, Kolhar Industrial Area,
	Town / City	Bidar
	State	Karnataka
	Pin Code	585403
	Country Name	INDIA
	Country Code	IND
	Telephone with STD Area Code Number	+91-8482-232045,
	Fax Number	+91- 8482 - 232436
	Email Address	yugandhar.Kopparthi@vivimedlabs.com
	Website, if any	www.vivimedlabs.com
	Name of the Police Station having jurisdiction where the Registered Office is situated	Bidar police station
vi	**Whether shares listed on recognized Stock Exchange(s)**	YES
	Details of the Stock Exchanges where shares are listed:	
	Stock Exchange(s)	**Name Code**
	1. BSE Limited (BSE)	532660
	2. The National Stock Exchange of India Limited (NSE)	VIVIMEDLAB
vii.	Name and Address of Registrar & Transfer Agents (RTA)	
	Registrar & Transfer Agent	Aarthi Consultants Private Limited
	Address	1-2-285, Domalguda
	Town / City	Hyderabad
	State	Telangana
	Pin Code	500029
	Country Name	INDIA
	Country Code	IND
	Telephone with STD Area Code Number	Phone : +91-40-27638111/27634445 Fax : +91-40-27632184
	Email Address	info@aarthiconultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pharmaceutical / chemical Products	21002	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled] - 13

SN	Name and address of the Company	Company Identification Number	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
1	**Finoso Pharma Pvt Ltd** SP Biotech Park - Phase-I, Block-I Turkapally, Shameerpet Mandal Hyderabad TG 500078 IN	U24231TG2009PTC064774	Subsidiary	a)1015000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100%	2(87)
2	**Vivimed Specialty Chemicals Private Limited** PLOT NO. 78-A, KOLHAR INDUSTRIAL AREA,, KOLHAR, BIDAR - 585403, Karnataka, INDIA	U24100KA2015PTC081669	Subsidiary	a) 10,000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100% held by Vivimed Labs Limited	2(87)
3	**Vivimed Life Sciences Private Limited** 8-2120/86/9/A/1 & 12, Anil Athmaja Housing Society, Road No: 2, Banjara Hills, Hyderabad, Telangana, India, 500034	U24304TG2017PTC115352	Subsidiary	a)10,000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100% held by Vivimed Labs Limited	2(87)
4	**Vivimed Holdings Limited** Rooms 2702-03, 27/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong	Not Applicable	Subsidiary	a) 10,000 equity shares held by Vivimed Labs Limited b) HK $ 1 each c) 100% held by Vivimed Labs Limited	2(87)
5	**Vivimed Labs Europe Limited** PO BOX B3,Leeds Road, Huddersfield, HD1 6BU	Not Applicable	Subsidiary	a) 1,00,000 b) GB £ 1 each c)100% held through Vivimed Holdings Limited)	2(87)
6	**Vivimed Labs USA INC.** 1100 Cornwall Road, Suite 160, Monmouth Junction, NJ 08852	Not Applicable	Subsidiary	a) 1000 b) US $ 0.01 each c) 100% held by Vivimed Labs Limited	2(87)
7	**Vivimed Labs Mauritius Limited** C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	Not Applicable	Subsidiary	a) 90,00,000 equity shares b) US $ 1 each c) 100% held by Vivimed Labs Limited	2(87)
8	**Vivimed Labs UK Limited** PO BOX B3, Leeds Road, HuddersfieldHD1 6BU	Not Applicable	Subsidiary	a) 1,30,53,755 b) £ 1 each c) 100% held through Vivimed Labs Mauritius Limited	2(87)
9	**Vivimed Labs Spain S.L.** C/o Mallorca, 262, 3º -08008 BARCELONA-SPAIN	Not Applicable	Subsidiary	a) 18,27,5000 b) E.1 each c) 100% held through Vivimed Labs UK Limited	2(87)

10	**Union Quimico Farmaceutica S.A.U** c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN	Not Applicable	Subsidiary	a) 8,23,529 nominative shares b) E 3.726275 each c) 100% held through Vivimed Labs Spain S.L.	2(87)
11	**Holliday International Limited** PO BOX B3, Leeds Road, Huddersfield,HD1 6BU	Not Applicable	Subsidiary	a) 101 ordinary shares b) £ 1 each c) 100% held through Vivimed Labs Spain, S.L.	2(87)
12	**Uquifa Mexico S.A. de C.V.** 37 Este, No 126, Civac, 62570 Jiutepec, Morelos, México	Not Applicable	Subsidiary	a) 36,54,96,000 b) No nominal value c) 100% 36,54,95,999 fully paid shares held by Holliday International Limited and 1 fully paid share held by Vivimed Labs UK Limited	2(87)
Associates					
1	**Yantra Green Power Pvt. Ltd** PLOT NO.1303 AND 1304, SY.NO.11/27, SECOND FLOOR, KHANAMET, HI-TECH CITY, AYYAPPA SOCIETY, MADHAPUR, HYDERABAD,TELANGANA	U40108TG2013PTC087049	Associate	2500000 shares of ₹10 each 35.66% held by Vivimed Labs Ltd	2(6)

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

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]@ ₹10/- each				No. of Shares held at the end of the year [As on 31-March-2017]@ ₹2/- each #				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	3528512	-	3528512	21.78	17072045	-	17072045	21.08	-0.7
b) Central Govt	0	-	0	0.00	0	-	0	0.00	0
c) State Govt(s)	0	-	0	0.00	0	-	0	0.00	0
d) Bodies Corp.	2437433	-	2437433	15.04	12482165		21482165	15.4	0.36
e) Banks / FI	0	-	0	0.00	0	-	0	0.00	0
f) Any other	0	-	0	0.00	0	-	0	0.00	0
Total shareholding of Promoter (A)	**5965945**	**-**	**5965945**	**36.82**	**29554210**	**-**	**29554210**	**36.48**	**-0.34**
B. Public Shareholding									
1. Institutions	0	-	0	0.00	0	-	0	0.00	0
a) Mutual Funds	31698	-	31698	0.02	0	-	0	0.00	0.02
b) Banks / FI	7195	-	7195	0.04	266758	-	266758	0.33	0.29
c) Central Govt	19226	-	19226	0.12	96130	-	96130	0.12	0
d) State Govt(s)	0	-	0	0.00	0	-	0	0.00	0
e) Venture Capital Funds	0	-	0	0.00	0	-	0	0.00	0

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]@ ₹10/- each				No. of Shares held at the end of the year [As on 31-March-2017]@ ₹2/- each #				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	0	-	0	0.00	0	-	0	0.00	0
g) FIIs	24565	-	24565	0.15	0	-	0	0.00	0
h) Foreign Venture Capital Funds	0	-	0	0.00	0	-	0	0.00	0
i) Others (specify) -Foreign Portfolio Investor	428866	-	428866	2.65	34266006	-	3426006	4.23	4.19
Sub-total (B)(1):-	**511550**		**511550**	**2.98**	**3788894**	**-**	**3788894**	**4.67**	**1.69**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	1202790	-	1202790	7.42	5398342	-	5398342	6.66	-0.76
ii) Overseas	4207121	-	4207121	25.96	9150685	-	9150685	11.29	-14.67
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakh	1511708	9551	1521259	9.39	16781281	-	16781281	20.69	11.30
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	1712357	27752	1740109	10.74	16629766	151515	16781281	20.71	9.97
c) Others (specify)-									
NBFCs Registered with RBI	105500	-	105500	0.65	37500	-	37500	0.05	-0.60
Non Resident Indians	621512	-	621512	3.84	3625723	-	3625723	4.47	0.63
Foreign Nationals	0	273968	273968	1.69	-	1369840	1369840	1.69	-
Clearing Members	162573	-	162573	1.00	1550373	-	1550373	1.91	0.91
Trusts	91456	-	91456	0.56	2000	-	2000	0	-0.56
Foreign Bodies - D R	0	-	0	0.00	0	-	0	0.00	0
Sub-total (B)(2):-	**9415017**	**311271**	**9726288**	**60.02**	**46154456**	**1521355**	**47675811**	**58.84**	**-1.18**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	**9926567**	**311271**	**10237838**	**63.18**	**49943350**	**1521355**	**51464705**	**63.52**	**0.34**
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**15892512**	**311271**	**16203783**	**100**	**79497560**	**1521355**	**81018915**	**100.00**	**0**

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

B. Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016) @ ₹10/- each #			Shareholding at the end of the year (As on 31.03.2017) @ ₹2/- each #			% 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	BBR PROJECTS PRIVATE LIMITED	2296433	14.17	10.96	12482165	15.40	14.54	1.23
2	SANTOSH VARALWAR	1219810	7.53	7.52	6099050	7.53	7.52	0
3	VARALWAR SANDEEP	612193	3.78	3.78	3060965	3.78	3.70	0
4	MANOHAR RAO VARALWAR	348845	2.15	2.11	1744225	2.15	2.07	0
5	SUJATHA VARALWAR	464799	2.87	0.49	1893995	2.34	2.34	-0.53
6	VITHABAI VARALWAR	194669	1.20	1.17	973345	1.20	1.17	0
7	VARALWAR SUBHASH	335000	2.07	1.54	1675000	2.07	1.54	0
8	SHEETAL VARALWAR	121900	0.75	0	568985	0.70	0	-0.05
9	S RAGHUNANDAN	63500	0.39	0	317500	0.39	0	0
10	VIJAYKUMAR VARALWAR	50000	0.31	0	150000	0.19	0	-0.12
11	MADHAVI VARALWAR	40000	0.25	0	200000	0.25	0	0
12	MAMATHA GURNUKAR	30000	0.19	0	150000	0.19	0	0
13	VARALWAR PADMA	6650	0.04	0	33250	0.04	0	0
14	NEELIMA VIJAYA VARALWAR	20000	0.12	0	100000	0.12	0	0
15	SATISH GOOTY AGRAHARAM	11127	0.07	0	55635	0.07	0	0
16	CHANDRASHEKHARRAO SUDIGALI	10019	0.06	0	50095	0.06	0	0
17	*BUTTERFLY AGRI PRODUCTS (P) LTD	141000	0.87	0	-	-	-	-
		5965945	36.82	27.57	29554210	36.48	32.88	0.53

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

**BUTTERFLY AGRI PRODUCTS (P) LTD - changed from promoter category to public category*

** The % of shares pledged/encumbered represents % of shares pledged/encumbered as a % of the total shares of your Company. The term "encumbrance" has the same meaning as assigned to it in Regulation 28(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.*

C. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01.04.2016) / end of the year (31.03.217) #	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	BBR PROJECTS PRIVATE LIMITED	2296433	14.17	01.04.2016	-	-	2296433	14.17
		11482165	14.17	08.07.2016	100686	Buy/Transfer	11582851	14.29
		11582851	14.29	23.12.2016	292962	Buy/Transfer	11875813	14.65
		11875813	14.65	30.12.2016	39000	Buy/Transfer	11914813	14.70
		11914813	14.70	10.03.2017	567352	Buy/Transfer	12482165	15.40
		12482165	15.40	31.03.2017	-	-	12482165	15.40

Sl. No.	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01.04.2016) / end of the year (31.03.217) #	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
2	NEELIMA VIJAYA VARALWAR	20000	0.12	01.04.2016	-	-	20000	0.12
		100000	0.12	31.03.2017	-	-	100000	0.12
3	VIJAYKUMAR VARALWAR	50000	0.30	01.04.2016	-	-	50000	0.30
		250000	0.30	06.05.2016	-38511	Transfer/Sale	211489	0.30
		211489	0.26	03.06.2016	-11489	Transfer/Sale	200000	0.24
		200000	0.24	10.06.2016	-20543	Transfer/Sale	179457	0.22
		179457	0.22	08.07.2016	-1682	Transfer/Sale	177775	0.21
		177775	0.21	12.08.2016	-27775	Transfer/Sale	150000	0.18
		150000	0.18	31.03.2017	-	-	150000	0.18
4	VARALWAR SUBHASH	335000		01.04.2016	-	-	335000	
		1675000		31.03.2017	-	-	1675000	
5	MADHAVI VARALWAR	40000	0.24	01.04.2016	-	-	40000	0.24
		200000	0.24	31.03.2017	-	-	200000	0.24
6	VITHABAI VARALWAR	194669	1.20	01.04.2016	-	-	194669	1.20
		973345	1.20	31.03.2017	-	-	973345	1.20
7	VARALWAR SANDEEP	612193	3.77	01.04.2016	-	-	612193	3.77
		3060965	3.77	31.03.2017	-	-	3060965	3.77
8	SANTOSH VARALWAR	1219810	7.52	01.04.2016	-	-	1219810	7.52
		6099050	7.52	31.03.2017	-	-	6099050	7.52
9	MANOHAR RAO VARALWAR	348845	2.15	01.04.2016	-	-	348845	2.15
		1744225	2.15	31.03.2017	-	-	1744225	2.15
10	MAMATHA GURNUKAR	30000	0.18	01.04.2016	-	-	30000	0.18
		150000	0.18	31.03.2017	-	-	150000	0.18
11	SATISH GOOTY AGRAHARAM	11127	0.06	01.04.2016	-	-	11127	0.06
		55635	0.06	31.03.2017	-	-	55635	0.06
12	SUJATHA VARALWAR	464799	2.86	01.04.2016	-	-	464799	2.86
		2323995	2.86	22.04.2016	70000	Buy/Transfer	2393995	2.95
		2393995	2.95	27.03.2017	-500000	Transfer/Sale	1893995	2.33
		1893995	2.33	31.03.2017	-	-	1893995	2.33
13	SHEETAL VARALWAR	121900	0.75	01.04.2016	-	-	121900	0.75
		609500	0.75	08/04/2016	-20515	Transfer/Sale	588985	0.72
		588985	0.72	01.07.2016	-30000	Transfer/Sale	558985	0.68
		558985	0.68	22.07.2016	5000	Buy/Transfer	563985	0.69
		563985	0.69	02.09.2016	5000	Buy/Transfer	568985	0.70
		568985	0.70	16.09.2016	5000	Buy/Transfer	573985	0.70
		573985	0.70	30.09.2016	-5000	Transfer/Sale	568985	0.70
		568985	0.70	31.03.2017	-	-	568985	0.70
14	VARALWAR PADMA	6650	0.04	01.04.2016	-	-	6650	0.04
		33250	0.04	31.03.2017	-	-	33250	0.04
15	S RAGHUNANDAN	63500	0.39	01.04.2016	-	-	63500	0.39
		317500	0.39	31.03.2017	-	-	317500	0.39
16	CHANDRASHEKHARRAO SUDIGALI	10019	0.06	01.04.2016	-	-	10019	0.06
		50095	0.06	31.03.2017	-	-	50095	0.06

Note: # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016
#BUTTERFLY AGRI PRODUCTS (P) LTD - changed from promoter category to public category

D. Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	Shareholding		Cumulative Shareholding during the year	
		No. of Shares#	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	NYLIM JACOB BALLAS INDIA FUND III, LLC				
	At the beginning of the year	2126984	13.13	2126984	13.13
	Bought during the year	-	-	-	-
	Sold during the year	10634920	13.13	10634920	13.13
	At the end of the year	0	0	0	0
2	KITARA PIIN 1102				
	At the beginning of the year	1830137	11.29	1830137	11.29
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	9150685	11.29	9150685	11.29
3	WILLIAM F HARVEY				
	At the beginning of the year	273968	1.69	273968	1.69
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	1369840	1.69	1369840	1.69
4	SAMEER MAHENDRA SAMPAT				
	At the beginning of the year	271833	1.67	271833	1.67
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	1359165	1.67	1359165	1.67
5	NISHA JIGNESH MEHTA				
	At the beginning of the year	270055	1.66	270055	1.66
	Bought during the year	41000	0.05	41000	0.05
	Sold during the year	41000	0.05	41000	0.05
	At the end of the year	1338275	1.65	1338275	1.65
6	TRANSARTICA COMPANY LIMITED				
	At the beginning of the year	250000	1.54	250000	1.54
	Bought during the year	-	-	-	-
	Sold during the year	1250000	1.54	1250000	1.54
	At the end of the year	0	0	0	0
7	KOTAK MAHINDRA (INTERNATIONAL) LIMITED				
	At the beginning of the year	243860	1.50	243860	1.50
	Bought during the year	-	-	-	-
	Sold during the year	1219300	1.50	1219300	1.50
	At the end of the year	0	0	0	0
8	JIGNESH JASWANTRAI MEHTA				
	At the beginning of the year	206095	1.27	206095	1.27
	Bought during the year	130180	0.16	130180	0.16
	Sold during the year	-	-	-	-
	At the end of the year	1160655	1.43	1160655	1.43
9	SANJAY GIJUBHAI AMIN				
	At the beginning of the year	108000	0.66	108000	0.66
	Bought during the year	0	-	0	-
	Sold during the year	500000	0.61	500000	0.61
	At the end of the year	40000	0.04	40000	0.04
10	PRASHANTHI ALAMURU				
	At the beginning of the year	102714	0.63	102714	0.63
	Bought during the year	-	-	-	-
	Sold during the year	113570	0.14	113570	0.14
	At the end of the year	400000	0.49	400000	0.49

Notes: 1. #Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

2. The above information is based on the weekly beneficiary position received from the Depositories.

3. Date wise increase or decrease in shareholding of the top ten shareholders is available on the website of your Company (www.vivimedlabs.com).

E. Shareholding of Directors and Key Managerial Personnel:

1. DIRECTORS

Sl. No.	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)#	
		No. of Shares at the beginning (01.04.2016) / end of the year (31.03.217)#	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	MANOHAR RAO VARALWAR	348845	2.15	01.04.2016	0	-	348845	2.15
		1744225	2.15	31.03.2017	0	-	1744225	2.15
2	SANTOSH VARALWAR	1219810	7.53	01.04.2016	0	-	1219810	7.53
		6099050	7.53	31.03.2017	0	-	6099050	7.53
3	VARALWAR SUBHASH	335000	2.07	01.04.2016	0	-	335000	2.07
		1675000	2.07	31.03.2017	0	-	1675000	2.07
4	VARALWAR SANDEEP	612193	3.78	01.04.2016	0	-	612193	3.78
		3060965	3.78	31.03.2017	0	-	3060965	3.78
5	S RAGHUNANDAN	63500	0.39	01.04.2016	0	-	63500	0.39
		317500	0.39	31.03.2017	0	-	317500	0.39

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

2. KEY MANAGERIAL PERSONNEL

Sl. No.	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01.04.2016) / end of the year (31.03.2017)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	RAMESH CHALLA	1000	0	01.04.2016	-	-	1000	0
		-		31.03.2017	-	-	-	-
2	PAVAN KUMAR M	200000	0.24	01.04.2016	-	-	200000	0.24
		-		31.03.2017	-	-	-	-
3	YUGANDHAR KOPPARTHI	0	0	01.04.2016	-	-	0	0
		-		31.03.2017	-	-	-	-

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As on 01.04.2016)	3071.15	-	-	3071.15
i) Principal Amount	3053.95	-	-	3053.95
ii) Interest due but not paid	17.20	-	-	17.20
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3071.15**	-	-	**3071.15**
Change in Indebtedness during the financial year		-	-	
• Addition	70.40	-	-	70.40
• Reduction	511.20	-	-	511.20
Net Change	**-440.80**	-	-	**-440.80**
Indebtedness at the end of the financial year (As on 31.03.2017)	**2630.35**	-	-	**2630.35**
i) Principal Amount	2542.75	-	-	2542.75
ii) Interest due but not paid	87.60	-	-	87.60
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**2630.35**	-	-	**2630.35**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(Amount in ₹)

SN.	Particulars of Remuneration	Name of MD/WTD					Total Amount
		Dr. V. Manohar Rao	Subash Varalwar	Santosh Varalwar	Sandeep Varalwar	Raghunandhan S	
1	**Gross salary (excluding Commission)**						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,00,004	60,00,004	60,00,004	60,00,004	50,00,004	2,90,00,020
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission						
	- as % of profit						
	- others, specify…	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total (A)	**60,00,004**	**60,00,004**	**60,00,004**	**60,00,004**	**50,00,004**	**2,90,00,020**
	Ceiling as per the Act	2,65,36,000	2,65,36,000	2,65,36,000	2,65,36,000	1,32,68,000	11,94,12,000

** Remuneration paid to the Managing Director & Other Whole time Directors is within the ceiling provided under Resolutions passed in general meeting. (As per schedule V of Companies act 2013).*

B. Remuneration to other directors

1. Independent Directors: (Amount in ₹)

Name of Director	Fee for attending board /committee meetings	Commission	Others#	Total
BHAGVANTH RAO MAMIDPALLI	3,75,000	-	-	3,75,000
VENKATA RATNAM PALURI	3,75,000	-	-	3,75,000
VENKATESWARULU PEESAPATI	1,50,000	-	-	1,50,000
NIXON PATEL	50,000	-	-	50,000
UMANATH VARAHABHOTLA	1,00,000	-	-	1,00,000
Total	-	-	-	**10,50,000**
Ceiling as per the Act				**1,88,68,000**

2. Non-Executive Directors: (Amount in ₹)

Name of Director	Fee for attending board /committee meetings	Commission	Others	Total
-	-	-	-	-
Total	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	CFO	CEO	Total
1	**Gross salary**	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,84,850	48,00,144	76,92,960	1,45,77,684
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**20,84,850**	**48,00,144**	**76,92,960**	**1,45,77,684**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Manohara Rao Varalwar
Whole time Director

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad,
Date: 31.08.2017

ANNEXURE-5 TO BOARD'S REPORT

Disclosure of Particulars of Contracts/Arrangements entered into by the Company

Form No. AOC-2

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

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

1. There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section188 of the Companies Act, 2013 which are not at arm's length basis
2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis:

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts / arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any	Justification for entering into such contracts or arrangements or transactions'
Sales & Dossier							
1	Vivimed Labs Europe Limited, UK	Sale of goods	FY 2016-17	Not exceeding ₹150 crore per annum	12.11.2014	nil	The transaction is at arm's length price
2	Vivimed Lab USA Inc. USA	Sale of goods	FY 2016-17	Not exceeding ₹70 crore per annum	12.11.2014	nil	The transaction is at arm's length price
3	Union QuimicoFarmaceutica SAU, Spain	Sale of goods	FY 2016-17	Not exceeding ₹20 crore per annum	12.11.2014	nil	The transaction is at arm's length price
4	Uquifa Mexico S A de C.V	Sale of goods	FY 2016-17	Not exceeding ₹10 crore per annum	12.11.2014	nil	The transaction is at arm's length price
Purchases from							
1	Vivimed Labs Europe Limited, UK	Purchases of goods	FY 2016-17	Not exceeding ₹10 crore per annum	12.11.2014	nil	The transaction is at arm's length price
2	Vivimed Lab USA Inc. USA	Purchases of goods	FY 2016-17	Not exceeding ₹5 crore per annum	12.11.2014	nil	The transaction is at arm's length price

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Place: Hyderabad
Date: 31.08.2017

ANNEXURE-6 TO BOARD'S REPORT

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **Brief outline of your Company's CSR policy:**
   In accordance with the CSR Policy of your Company, the CSR initiatives would be focused around the following identified thrust areas for channelizing the resources on a sustained basis:

   Rural Development & Water: your Company recognizes the importance of rural development, water and exhibits water stewardship. Your Company believes that the construction of community halls will provide basic facility in villages for various meetings and activities , abundant and stable supply of water is the basic need of the society. Conservation of water has become imperative and is being done by your Company at each and every stage. Several rural development activities, water conservation and rain water harvesting initiatives would continue to be undertaken by your Company during the year. During the year the company Spent ₹32 lakhs on Construction of Community Hall & Supply of Drinking Water to Villages.

   The CSR Policy of your Company is available on its website: (http://www.vivimedlabs.com/investor-relations).

2. **Composition of the CSR Committee**

Name of the Member(s)	Nature of Directorship
Prof. M. Bhagvant Rao	Independent, Non- Executive
Dr. V. Peesapati	Independent, Non- Executive
Dr. V. Manohar Rao	Non Independent, Executive / Promoter
Mr. Santosh Varalwar	Non Independent, Executive / Promoter

3. Average Net Profit of the Company for last 3 financial years: ₹2284.40 lakhs

4. Prescribed CSR expenditure (2% of this amount as in Sr. No.3 above): ₹45.7 lakhs

5. Details of CSR spent for the financial year:
   a. Total amount spent for the financial year: ₹32 lakhs
   b. Amount unspent, if any: ₹13.7 lakhs

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

Sl. No.	CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken State (Local Area/ District)	Amount outlay (budget) Project / Programs	Amount Spent on the Projects or Programs		Cumulative Expenditure upto the reporting period	Amount spent: Direct
					1. Direct Expenditure	2.Overheads		
1	Construction of Community Hall	Rural development projects;	Kolhar Industrial Area, Bidar, Bidar Dist, Karnataka State	₹10 lakhs	₹10 lakhs	-----	₹10 lakhs	₹10 lakhs
2	Supply of Drinking Water to Villages	Water Management	Nizampur Village, Bidar, Bidar Dist, Karnataka State	₹22 lakhs	₹22 lakhs	------	₹22 lakhs	₹22 lakhs
			TOTAL	₹32 lakhs	₹32 lakhs	------	₹32 lakhs	₹32 lakhs

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report: The Company is evaluating various proposals to ensure CSR funds are optimally utilized.

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Chairman CSR Committee

Place: Hyderabad
Date: 31.08.2017

ANNEXURE-7 TO BOARD'S REPORT

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

Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

Particulars of conservation of energy

All the manufacturing units continued their efforts to reduce the specific energy consumption. Specific and total energy consumption is tracked on a daily basis at individual factory/ block level and also at consolidated manufacturing level. Energy conservation initiatives are being planned and implemented across manufacturing locations. Energy audits are conducted at all the manufacturing units at regular intervals and the findings of the audits are implemented. Apart from regular practices and measures for energy conservation, many new initiatives were driven across the units by Process optimization and automation, Optimisation of Electrical Equipment, Lighting, Other key initiatives for Energy conservation:

Power and Fuel Consumption

Particulars	FY2016-17	FY2015-16
1. Electricity		
Unit (KWH) (in Mn)	4.34	44.79
Total amount (₹ in Mn)	33.00	36.40
Average rate/Unit (₹)	7.61	8.12
2. Own generation from Diesel generator set		
Unit (KWH)(in Mn)	0.72	1.05
Total amount (₹ in Mn)	9.97	19.02
Average rate/Unit (₹)	13.94	18.07
3. Coal		
Quantity (MT)	2010.81	3747.62
Total cost (₹ in Mn)	16.08	27.04
Average rate/MT (₹)	7995.93	7215

Consumption per unit of production

Particulars	Standards	Current year	Previous year
Products (with details) unit Electricity Furnace oil Coal	Since the Company manufactures a wide range of specialty chemicals, API's and different combinations of finished dosages, it is not practicable to give consumption per unit of production.		

Technology absorption

Particulars of absorption

1. **Technology absorption, adaptation and innovation**

   The Research and Development (R&D) discipline aims to work on products that strengthen the competitive position in the Market primarily on differentiated portfolio. Formulation R&D efforts at Vivimed are directed towards exploring the options of vertical integration. To meet customer demands, our teams focus on innovate techniques in product development. The Company is continuously striving to strengthen its R&D teams and infrastructure.

2. **Benefits derived as a result of the above efforts**
   - Efficient processes.
   - Robust Product development engine.
   - Super value proposition to our customers and key stake holders.
   - Competitive advantage in the specialty chemicals/ pharmaceutical space

3. **Imported technology:**
   - **Research and Development (R&D)**

     The Vivimed R&D is focused on revitalizing our growth engine to balance short, mid and long-term goals. The

company is committed to offer superior and affordable solutions for products with intrinsic challenges at the chemistry, engineering and formulation technology areas.

Our R&D primarily caters to our in-house product development requirements for specialty chemicals, API, PFI and Finished Dosage products. Our development philosophy aims to collaborate and offer a business model of delivering end-to-end solutions across Over the Counter (OTC) monograph, OTC Abbreviated New Drug Application (ANDA) and prescription drugs.

The Company provides comprehensive drug development resources and solutions for pre-formulation, formulation development, analytical development, CGMP, scale- up, stability and also co-ordinate for conducting bioavailability and bioequivalence studies for regulated and emerging markets. The Company possesses capabilities to develop several IR and MR solid dosage products and filing dossier and ANDA for regulated markets including the U.S., Canada, Europe, Australia and other countries.

R&D currently focuses on developing and filing generic products for regulated markets and also on large volume OTC drugs and the products with intrinsic challenges In addition, R&D is working to build a healthy products portfolio for enhanced and sustainable growth on extending our product reach line extensions for existing products and also adding value through applications such as extended release.

- **Benefits derived as a result of the above R&D**
  Vivimed could achieve a long term sustainability to offer superior value to its customers which would enable the Company to achieve Global leadership position. The Company has developed four sunscreen products during the year.
- Future plan of action: The Company intends to focus on different classes of projects, in line with our Business strategy; some, which can generate revenue in the short-term and some, more in the future. The pipeline is being designed to cater products of variable complexities in the areas of chemistry, IP, regulatory, engineering and manufacturing.

The Company will offer wider basket of Products to the regulated Markets including CIS countries, North America and Europe.

Expenditure incurred on Research and Development

(₹ Lakhs)

Particulars	FY2016-17	FY 2015-16
Capital	--	--
Revenue	670.00	1100.79
Total	670.00	1100.79

Foreign exchange earnings and Outgo

(₹ Lakhs)

Particulars	FY2016-17	FY 2015-16
Foreign Exchange Earnings	5446.00	1157.68
Foreign Exchange Outgo	7813.60	1357.78

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Manohar Rao Varalwar
Whole-time Director

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad
Date: 31.08.2017

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Vivimed Labs Limited believes that Corporate Governance is a pre- requisite for attaining sustainable growth in this competitive world. Vivimed Labs Limited' philosophy on Corporate Governance is based on transparency and accountability and has been a part of the organizational culture of your Company. In recent times, governance has been further strengthened within the organization by introduction of incremental changes to various policies and processes. Your Company has achieved sustainable growth by being a responsible and well-governed corporate, while exceeding the expectations of all stakeholders. It is your Company's unending mission to regularly nurture and develop steadfast professionalism, accountability and increased disclosures by taking all steps necessary towards superior growth in its value for its stakeholders.

The Securities and Exchange Board of India ("SEBI") on 2nd September, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") with an aim to consolidate and streamline the provisions of the Listing Regulations for different segments of capital markets to ensure better enforceability. Your Company has entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited.

A report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of Listing Regulations is given below:

Governance Structure

Vivimed Labs' governance structure comprises of Board of Directors, its Committees and the Management.

Board

At Vivimed Labs, the Board is at the core of the Corporate Governance practice. Your Company has an optimum mix of eminent personalities on the Board of Directors with members from diverse experience and expertise. Out of 10 members on its Board, 5 (Five) are Independent Directors, 5 (five) are Whole-time Directors / Promoter Directors. This appropriate composition of the Board of Directors enables in maintaining the independence of the Board and separates its functions of governance and management. Over a period of time, the Board has fostered a culture of leadership to sustain your Company's growth with a long-term vision and ingenious policy to improve the degree of Corporate Governance.

Committees of the Board

The Board has constituted various Committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the Companies Act, 2013 and the Listing Regulations. These Committees hold meetings at such frequency as is deemed necessary by them to effectively undertake and deliver upon the responsibilities and tasks assigned to them. Your Company currently has 6 (six) Committees of the Board viz., Audit Committee, Stake Holders Relationship, Grievance and Share Transfer Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Management Committee.

Management Structure

The management structure of your Company comprises of the Executive and Operating teams which have been constituted to drive strategic initiatives of your Company strengthen effectiveness of interface areas, bring in ability, multi-dimensional perspective and responsiveness within the organization and to strengthen the capabilities to enhance value creation.

Managing Director

The overall management of the affairs of your Company is entrusted to the Managing Director who functions under the direct supervision of the Board of Directors and also leads the Executive Management. He spearheads the strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board and its various Committees.

Executive Management Team (EMT)

The EMT comprises of the heads of different functions of the organization. The members of the EMT report to the Managing Director. This EMT is entrusted with the initiatives pertaining to the strategies and vision of your Company, Risk Management, Financial Accounting & Reporting, and Corporate Governance. The EMT meets on a regular basis to discuss on various matters including effectiveness of the businesses / functions which report to them.

Operating management Team (OMT):

The OMT consists of heads of functions / businesses within your Company who report to the EMT members. The OMT members lead the identified strategic initiatives, they deliberate on the efficiency and effectiveness of the day-to-day operations, capability building within your Company to service customers and other stakeholders.

The effective functioning of the EMT and OMT has led to increased holistic connection within the organization.

Board of Directors

Composition of the Board as on 31st March, 2017:

Category	No. of Directors
Non-Executive/Independent Directors	5
Executive/Promoter Directors	5
Total	**10**

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013. The Board of Directors is chaired by an Independent Chairman and has an optimum combination of Executive, Non- Executive and Independent Directors.

Number of Board Meetings:

During the financial year 2016-17, 6 (six) meetings of the Board of Directors were held and the maximum time gap between two meetings did not exceed one hundred and twenty days. The Board meets at least once in each quarter to review the quarterly financial results and other items on the Agenda. Additional meetings are held whenever necessary. The dates of the Board meetings are as under:

Date(s) on which meeting(s) were held:

April 23, 2016	November 12, 2016
May 30, 2016	January 12, 2017
August 13, 2016	February 14, 2017

All the Directors have periodically and regularly informed the Company about their Directorship and Membership on the Board/Committees of the Board of other companies. As per the disclosure received, none of the Directors of your Company hold memberships/Chairmanships more than the prescribed limits across all companies in which he/she is a Director.

The details of attendance at Board Meetings held either in person or through video conference during the financial year 2016-17 and at the Annual General Meeting (AGM) are detailed below:

Name of the Director	Number of Board Meetings		Attendance at AGM Held September 30, 2016
	Held	Attended	
Mr. Santosh Varalwar	6	6	No
Mr. Subhash Varalwar	6	6	No
Dr. Manohar Rao Varalwar	6	6	Yes
Prof. Bhagvanth Rao Mamidpalli	6	6	Yes
Mr. Sandeep Varalwar	6	4	No
Mr. Nixon Patel	6	2	No
Mr. Srirambatla Raghunandan	6	5	Yes
Dr. Venkateswarulu Peesapati	6	5	No
Mr. Venkata Ratnam Paluri	6	6	Yes
Mrs. Umanath Varahabhotla	6	4	No

Board Procedures:

The dates for meetings of the Board of Directors and its Committees are scheduled in advance. The Agenda and the explanatory notes are circulated well in advance to the Directors in accordance with the Secretarial Standards.

The Managing Director and the members of the EMT/OMT make presentations to the Board on matters including but not limited to the Company's performance, operations, plans, etc. The Board has complete access to any information within your Company which includes the information as specified in Regulation 17 of the Listing Regulations. Regular updates provided to the Board, interalia, include:

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly financial results for your Company and its operating divisions or business segments;

- Minutes of meetings of Committees of the Board of Directors;
- The information on recruitment and remuneration of Senior Management Personnel just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Show cause, demand, prosecution and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material defaults in financial obligations to and by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Any significant labour problem involving human resource management;
- Sale of a material nature, or of investments, subsidiaries and assets which are not part of the normal course of business;
- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer; and
- Any other information which is relevant for decision making by the Board.

The draft minutes of the Board and its Committees are sent to the members for their comments and then the minutes are entered in the minutes book within 30 days of the conclusion of the meeting.

Evaluation of the Board Effectiveness:

In terms of applicable provisions of the Companies Act, 2013 read with Rules framed there under and Part D of Schedule II of the Listing Regulations and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has put in place a process to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis.

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2016-17.

Structured questionnaires were prepared to evaluate the performance of the Board as a whole, individual performance of each Director and self – assessment carried out by the Directors. These assessment sheets with respect to the evaluation of the performance of the Directors were based on various aspects which, inter alia, included assessment of the level of participation, understanding of the role and responsibilities, understanding of the business and competitive environment, effectiveness of the contributions made during the Board meetings, understanding of the strategic issues and challenges for your Company etc. In assessing the overall performance of the Board, the parameters included the assessment of time devoted by the Board on the Company's long term goals and strategies, Board effectiveness, quality of discussions at the meetings of the Board, time spent and quality of discussions on key subjects like risk assessment and minimization, succession planning, discharging fiduciary and governance duties and performance of specific duties.

The questionnaires for assessing the performance of the Committees of the Board included aspects like understanding of the terms of reference by the Committee members, adequacy of the composition of the Committees, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties, performance of the Committee vis-à-vis its responsibilities, etc.

The Chairman of the Nomination and Remuneration Committee plays a vital role in undertaking the evaluation of performance for the Board and the Directors. The Nomination and Remuneration Committee discussed on the evaluation mechanism, outcome and the feedback received from the Directors. The Independent Directors at their meeting also discussed the performance of the Non-Executive/Promoter Directors including the Chairman of the Board.

The Board of Directors at its meeting held on March 30, 2017, has noted the overall feedback on the performance of the Directors and the Board as a whole and its Committees.

The overall outcome of this exercise to evaluate effectiveness of the Board and its Committees was positive and members expressed their satisfaction.

Independent Directors:

Mr. Paaluri Venkatrathnam, Mr. Peesapati Venkateswarlu, Prof. M. Bhagvanth Rao and Mr. Nixon Patel (Independent Directors) of your Company have been appointed for a tenure of 5 (five) years (up to 31st Annual General Meeting to be held in calendar year 2019). Their appointment was approved by the shareholders of your Company at their AGM held on 30th September, 2014. Mrs. Umanath Varahabhotla (Independent Director) of your Company have been appointed for a tenure of 5 (five) years (upto up to 32nd Annual General Meeting to be held in calendar year 2020). Her appointment was approved by the shareholders of your Company at their AGM held on 30th September, 2015. The Independent Directors have submitted declarations that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations and have confirmed that they do not hold directorship more than the prescribed limit in the Listing Regulations. Your Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013. A sample Terms of appointment

is available on the website of your Company and can be accessed through the following link: http://www.vivimedlabs.com/investor-relations.

Independent Directors' Meeting:

During the year under review, the Independent Directors met on March 30, 2017, without the attendance of Non-Independent Directors and members of the management, interalia, to discuss on the following:

- To review the performance of the Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of your Company, taking into account views of Executive / Non-Executive Directors; and
- Assess the quality, quantity and timeliness of flow of information between your Company's management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

Directorship and Membership on Committees:

The details of nature of Directorships, relationship inter se, number of directorships and committee chairmanships/memberships held by them in other public companies are detailed below:

Name of the Director	Nature of Directorships	Relationship with each other	As on 31st March, 2017		
			No. of Other Directorships*	Membership	Chairmanship
Mr. Santosh Varalwar	Managing Director	Son of Manohar Rao Varalwar, Brother of Sandeep Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil
Mr. Subhash Varalwar	Whole-time Director	Brother of Manohar Rao Varalwar, Uncle of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Dr. Manohar Rao Varalwar	Whole-time Director	Brother of Subhash Varalwar, Father of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Prof. Bhagvanth Rao Mamidpalli	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr. Sandeep Varalwar	Whole-time Director	Son of Manohar Rao Varalwar, Brother of Santosh Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil
Mr. Nixon Patel	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr. Srirambatla Raghunandan	Whole-time Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Dr. Venkateswarulu Peesapati	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr. Venkata Ratnam Paluri	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mrs. Umanath Varahabhotla	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil

** Excludes directorship in Vivimed Labs Limited. Also excludes directorship in Foreign Companies, Private Limited Companies, Companies incorporated under Section 8 of the Companies Act, 2013 and alternate directorships.*

*** For the purpose of considering the limit of Committee Memberships and Chairmanships of a Director, Audit Committee and Stakeholders Relationship Committee of Public Companies have been considered. Also excludes the Memberships & Chairmanships in Vivimed Labs Limited.*

The shareholding of the Non–Executive Directors of your Company as on 31st March, 2017 is as follows:

Name of the Director(s)	Nature of Directorship	No. of shares held*	Percentage to the paid up share capital
Prof. Bhagvanth Rao Mamidpalli	Non-Executive/ Independent Director	NIL	NIL
Mr. Nixon Patel	Non-Executive/ Independent Director	NIL	NIL
Dr. Venkateswarulu Peesapati	Non-Executive/ Independent Director	NIL	NIL
Mr. Venkata Ratnam Paluri	Non-Executive/ Independent Director	NIL	NIL
Mrs. Umanath Varahabhotla	Non-Executive/ Independent Director	NIL	NIL

The shareholding of Executive Directors of your Company as on 31st March, 2017 is as follows:

Name of the Director(s)	Nature of Directorship	No. of shares held*	Percentage to the paid up share capital
Mr. Santosh Varalwar	Managing Director	6099050	7.53
Mr. Subhash Varalwar	Whole-time Director	1675000	2.07
Dr. Manohar Rao Varalwar	Whole-time Director	1744225	2.15
Mr. Sandeep Varalwar	Whole-time Director	3060965	3.78
Mr. Srirambatla Raghunandan	Whole-time Director	317500	0.39

**Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016*

Familiarisation Program

Your Company has in place a structured induction and familiarization program for all its Directors including the Independent Directors. Your Company through such programs familiarizes not only the Independent Directors but any new appointees on the Board with a brief background of your Company, their roles, rights, responsibilities, nature of the industry in which it operates, business model operations, on-going events, etc. They are updated on all business related issues and new initiatives. They are also informed of the important policies of your Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading.

Brief details of the familiarization program are uploaded on the website of your Company and can be accessed through the following link: http://www.vivimedlabs.com/investor-relations.

Committees of the Board

Audit Committee

The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory Auditors.

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management. The Committee invites the Managing Director, CEO, CFO, Vice President – Finance, Statutory Auditor, Internal Auditor and other executives to attend the meetings of the Committee.

Shri K. Yugandhar, Company Secretary of the Company acts as Secretary to the Committee.

The Audit Committee, during the financial year 2016-17, has approved related party transactions along with granting omnibus approval in line with the Policy of dealing with Related Party Transactions and the applicable provisions of the Companies Act, 2013 and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31st March, 2017 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr. Venkata Ratnam Paluri	Chairman	5	5
Prof. Bhagvanth Rao Mamidpalli	Member	5	5
Mr. Subhash Varalwar	Member	5	5

Date(s) on which meeting(s) were held

April 23, 2016	November 12, 2016
May 30, 2016	February 14, 2017
August 13, 2016	Nil

The Chairman of the Audit Committee was present at the last AGM held on 30th September, 2016

The Audit Committee is empowered, pursuant to its terms of reference and its role, interalia, includes the following:

1. Overseeing your Company's financial reporting process and the disclosure of its information to ensure that the financial statements are correct, sufficient and credible;
2. Reviewing with the management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Sec 134(3)(c) of the Companies Act, 2013;
   b. Changes in the accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of audit findings;
   c. Compliance with the Listing Regulations and other legal requirements relating to financial statements;
   d. Disclosure of any related party transactions; and
   e. Qualifications in the draft audit report, if any.
5. Reviewing the financial statements of unlisted subsidiary companies (including joint ventures) and investments made by the unlisted subsidiary companies (including joint ventures);
6. Reviewing and considering the following w.r.t. appointment of auditors before recommending to the Board:
   (a) qualifications and experience of the individual/firm proposed to be considered for appointment as auditor;
   (b) whether such qualifications and experience are commensurate with the size and requirements of the company; and
   (c) giving due regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.
7. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service;
8. Discussion with the 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;
9. Reviewing and approving quarterly and yearly management representation letters to the statutory auditors;
10. Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors and ensuring suitable follow-up thereon;
11. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
12. 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;
13. Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company;
14. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
15. Evaluating the internal financial controls and risk management policies system of the Company;
16. Discussion with the internal auditors on internal audit reports relating to internal control weaknesses and any other significant findings and follow-up thereon;
17. Reviewing the internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
18. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the company by its officers/employees;
19. Approval or subsequent modification of transactions of the Company with related parties including appointment and revision in remuneration of related parties to an office or place of profit in the Company, its subsidiary company or associate company;
20. Reviewing the statements of significant related party transactions submitted by the management;
21. Reviewing and Scrutinizing the inter-corporate loans and investments;
22. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same;

23. 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;
24. Approving the auditors (appointed under the Companies Act 2013) to render any service other than consulting and specialized services;
25. Recommending to the Board of Directors, the appointment, remuneration and terms of appointment of Cost Auditor for the Company;
26. Review the cost audit report submitted by the cost auditor on audit of cost records, before submission to the Board for approval;
27. Appointing registered valuers and defining the terms and conditions for conducting the valuation of assets /net-worth /liabilities of the Company. Reviewing the valuation report and follow-up thereon;
28. 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
29. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
30. Review and approve, policy formulated for determination of material subsidiaries;
31. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions; and
32. Any other matter referred to by the Board of Directors.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is governed by its Charter and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Committee met 2 (Two) times during the financial year 2016-17 on April 23, 2016, March 30, 2017. The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2016-17 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Prof. Bhagvanth Rao Mamidpalli	Chairman	2	2
Mr. Venkata Ratnam Paluri	Member	2	2
Dr. Venkateswarulu Peesapati	Member	2	1
Mr. Nixon Patel	Member	2	Nil

Shri K.Yugandhar, Company Secretary of the Company acts as Secretary to the Committee.

The Nomination and Remuneration Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of law and the Nomination and Remuneration Policy:

1. Formulate a criteria for determining qualifications, positive attributes and independence of a director;
2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, ESOPs administration, implementation;
3. Devise a policy on Board Diversity;
4. 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;
5. Carry out the evaluation of every director's performance and formulate criteria for evaluation of Independent Directors, Board / Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
6. Reviewing and recommending to the Board, the remuneration, payable to Directors of your Company; and
7. Undertake any other matters as the Board may decide from time to time.

Policy on Director's Appointment and Remuneration:

The Nomination and Remuneration Policy provides for appropriate composition of Executive, Non-Executive and Independent Directors on the Board of Directors of your Company along with criteria for appointment and remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of your Company.

Remuneration to the Managing Director & Whole-Time Directors:

The shareholders of your Company at the 27th AGM held on 30th September, 2015 approved the re-appointment of Shri. Santosh Varalwar as Managing Director & CEO, Shri. Manohar Rao Varalwar, Shri. Subhash Varalwar, Shri. Sandeep Varalwar and Shri. Srirambatla Raghunandan (Whole-time Directs) of your Company for a period of five(5) years .The terms and conditions of their appointment including remuneration payable to them were approved which was in accordance with the provisions of Section 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force). The details of the Remuneration paid to the above mentioned Directors are stated in the Form MGT-9 (Extract of the Annual Return) which forms part of the Board's Report in this report.

Review of Performance and Compensation to Senior Management:

The Nomination and Remuneration Committee reviews the performance of the senior management of your Company. The Committee ensures that the remuneration to the Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of your Company and its goals.

Commission to Non- Executive Directors:

The shareholders of your Company at their 23rd AGM held on 30th September, 2011 approved the payment of remuneration to the Non-Executive Directors of your Company by way of commission not exceeding one (1) percent of the net profits of your Company.

Details of Remuneration Paid to Directors During the year 2016-17:

During the financial year 2016-17, your Company paid ₹25,000/- (Rupees Twenty five thousand only) for sittings fees for attending the Boards / other Committee meetings (except Management Committee meetings where no sitting fees were paid) to the Non-Executive Directors of your Company.

Details of the remuneration paid to the Directors of the Company for the financial year 2016-17 are as follows:

(Amount in ₹)

Name of the Director	Salary	Perquisites	Sitting fees	Commission	Amount ₹
Mr. Venkata Ratnam Paluri, Independent Director	-	-	3,75,000	-	3,75,000
Prof. Bhagvanth Rao Mamidpalli, Independent Director	-	-	3,75,000	-	3,75,000
Dr. Venkateswarlu Peesapati, Independent Director	-	-	1,50,000	-	1,50,000
Mr. Nixon Patel, Independent Director	-	-	50,000	-	50,000
Mrs. Umanath Varahabhotla, Independent Director	-	-	1,00,000	-	1,00,000
Mr. Santosh Varalwar, Managing Director	60,00,004	-	-	-	60,00,004
Dr. Manohar Rao Varalwar, Whole time Director	60,00,004	-	-	-	60,00,004
Mr. Subhash Varalwar, Whole time Director	60,00,004	-	-	-	60,00,004
Mr. Sandeep Varalwar, Whole time Director	60,00,004	-	-	-	60,00,004
Mr. Srirambatla Raghunandan, Whole time Director	50,00,004				50,00,004

Your Company has not granted any stock options to any of its Directors.

Stake Holders Relationship, Grievance and Share Transfer Committee

The composition of the Stake Holders Relationship, Grievance and Share Transfer Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The constitution of the Stake Holders Relationship, Grievance and Share Transfer Committee of the Board of Directors of your Company during the financial year 2016-17 is detailed below:

Name of the Director	Nature of Membership
Mr. Venkata Ratnam Paluri,	Chairman
Mr. Santosh Varalwar	Member
Dr. Manohar Rao Varalwar	Member

Shri. K. Yugandhar is the compliance officer for complying with the requirements of Securities Law and acts as Secretary to the Committee.

The terms of reference of the Committee includes enquiring into and redressing complaints of shareholders and investors and to resolve the grievance of the security holders of your Company.

Details pertaining to the number of complaints received and responded and the status thereof during the financial year 2016-17 are given below:

No. of complaints received during the year	Nil
No. of complaints resolved during the year	Nil
No. of complaints pending at the end of the year	Nil

Corporate Social Responsibility (CSR) Committee

The composition of the CSR Committee is in alignment with provisions of Section 135 of the Companies Act, 2013.

The Committee met on March 30, 2017 during the financial year 2016-17. The constitution of the CSR Committee of the Board of Directors of your Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2016-17 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Prof. Bhagvanth Rao Mamidpalli	Member	1	1
Dr. Venkateswarulu Peesapati	Member	1	0
Mr. Santosh Varalwar	Member	1	0
Dr. Manohar Rao Varalwar	Member	1	1

Shri. K. Yugandhar, Company secretary of the Company acts as Secretary to the Committee.

The CSR Committee is Empowered, Pursuant to its Terms of Reference, inter alia, to:

1. Recommend the amount of expenditure to be incurred on the activities;
2. Monitor implementation and adherence to the CSR Policy of the Company from time to time;
3. Prepare a transparent monitoring mechanism for ensuring implementation of the projects / programs / activities proposed to be undertaken by the Company; and
4. Such other activities as the Board of Directors may determine from time to time.

The details of the CSR initiatives of your Company form part of the CSR Section in the Annual Report. The CSR Policy has been placed on the website of your Company and can be accessed through the following link: http://www.vivimedlabs.com/investor-relations.

Subsidiary Companies

Your Company does not have any material non-listed Indian subsidiary company in terms of Regulation 16 of the Listing Regulations, A synopsis of the minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of your Company on periodical basis. The Audit Committee reviews the financial statements including investments by the unlisted subsidiaries of your Company.

The Policy for determining "material" subsidiaries has been placed on the website of your Company and can be accessed through the following link: http://www.vivimedlabs.com/investor-relations.

Related Party Transactions

All transaction entered into by your Company with related parties, during the FY 2016–17, were in ordinary course of business and on arm's length basis. The details of the related party transactions are set out in the Form AOC-2 forming part of this Annual Report.

Also, the Related Party Transactions undertaken by your Company were in compliance with the provisions set out in the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

The policy on related party transactions has been placed on the Company's website and can be accessed through the following link: http://www.vivimedlabs.com/investor-relations.

Directors with Materially Significant, Pecuniary or Business Relationship with your Company:

There is no pecuniary or business relationship between the Non-Executive/Independent Directors and your Company, except for the remuneration payable to them in accordance with the applicable laws. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

Managing Director & CFO Certification

As required under Regulation 17 of the Listing Regulations, the MD&CFO certificate for the financial year 2016-17 signed by Shri. Santosh Varalwar, MD and Shri. Ramesh Challa, CFO was placed before the Board of Directors of your Company at their meeting held on 27th May, 2017.

General Body Meetings

Details of last three AGM and the summary of Special Resolutions passed therein are as under:

Year(s)	Location(s)	Meeting(s)Date	Time	No. of special resolution(s) set out at the AGM
2015-16	78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	September 30, 2016	11.30 AM	1
2014-15	78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	September 30, 2015	11.30 AM	5
2013-14	78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	September 30, 2014	11.30 AM	NIL

All special resolutions set out in the notices for the AGMs were passed by the shareholders at the respective meetings with requisite majority.

Postal Ballot

During the year, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made there under), your Company passed the following resolution through postal ballot as per the details below:

On 13/03/2017:

1. Resolution	To issue Convertible Warrants to Non-Promoter(s)/Non-Promoter Group of the Company on preferential basis.
Resolution required:(Ordinary /Special)	Special Resolution
Whether promoter / promoter group are interested in the agenda/resolution?	No

Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	29554210	-	-	-	-	-	-
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		29554210	100	29554210	-	100	-
	Total		29554210	100	29554210	-	100	-
Public- Institutions	E-Voting	2883360	696755	24.16	696755	-	100	-
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		-	-	-	-	-	-
	Total		696755	24.16	696755	-	100	-
Public- Non Institutions	E-Voting	48581345	67042	0.14	66347	695	99	0.1
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		450511	0.93	448026	2485	99.5	0.05
	Total		517553	1.07	514373	3180	99.39	0.61
Total		81018915	30768518	37.98	30765338	3180	99.99	0.01

2. Resolution			To issue Convertible Warrants to Promoter(s)/Promoter Group of the Company on preferential basis.					
Resolution required:(Ordinary /Special)			Special Resolution					
Whether promoter / promoter group are interested in the agenda / resolution?			Not Applicable					
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	29554210	-	-	-	-	-	-
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		29554210	100	29554210	-	100	-
	Total		29554210	100	29554210	-	100	-
Public- Institutions	E-Voting	2883360	696755	24.16	696755	-	100	
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		-	-	-	-	-	-
	Total		696755	24.16	696755	-	100	-
Public- Non Institutions	E-Voting	48581345	67042	0.14	66138	904	98.65	1.35
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		451236	0.93	449251	1985	99.56	0.44
	Total		518278	1.07	515389	2889	99.44	0.56
Total		**81018915**	**30769243**	**37.98**	**30766354**	**2889**	**99.99**	**0.01**

3. Resolution			To issue FCCB/ADR/GDR etc.					
Resolution required:(Ordinary /Special)			Special Resolution					
Whether promoter / promoter group are interested in the agenda / resolution?			No					
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	29554210	-	-	-	-	-	-
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		29554210	100	29554210	-	100	-
	Total		29554210	100	29554210	-	100	-
Public- Institutions	E-Voting	2883360	696755	24.16	665000	31755	95.44	4.56
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		-	-	-	-	-	-
	Total		696755	24.16	665000	31755	95.44	4.56
Public- Non Institutions	E-Voting	48581345	67042	0.14	66697	345	99.48	0.52
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		443776	0.92	443741	35	99.992	0.008
	Total		510818	1.05	510438	380	99.93	0.07
Total		**81018915**	**30761783**	**37.96**	**30729648**	**32135**	**99.90**	**0.10**

Shri. N.V.S.S. Suryanarayana Rao, Practicing Company Secretary was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner

Procedure For Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued there under, your Company provided electronic voting (e-voting) facility to all its members. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

Your Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members / list of beneficiaries as on cut – off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with the depository participants / Company's Registrar & Share Transfer Agents. Your Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Companies Act, 2013 and the Rules issued there under.

Voting rights are reckoned on the paid up value of shares of your Company in the names of the shareholders as on the cut –off date. Members desiring to vote through physical ballot are requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman/authorized officials of your Company. The results are displayed on the website of your Company (www.vivimedlabs.com), besides being communicated to the Stock Exchanges and Registrar & Transfer Agents.

The date of declaration of results of Postal Ballot shall be date on which the resolution would be deemed to have been passed, if approved by requisite majority.

Disclosures

1. There are no materially significant related party transactions of your Company which have potential conflict with the interests of the company at large.
2. Your Company has complied with all the requirements of the Stock Exchange(s) and the SEBI on matters related to Capital Markets. There were no penalties imposed or strictures passed against your Company by the statutory authorities in this regard.
3. **Vigil Mechanism and Whistle Blower Policy:**

Your Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers, shareholders and business associates in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior;

- Your Company prohibits any kind of discrimination, harassment, victimization or any other unfair practice being adopted against an employee and/or a business associate. In accordance with Regulation 22 of the Listing Regulations your Company has adopted a Whistle Blower Policy with an objective to provide its employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with your Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication;
- In accordance with the Policy, an Ethics Committee has been constituted comprising of the Managing Director, the Compliance Officer and the Head–Human Resources for the purpose of receiving and investigating all complaints and Protected Disclosures under this policy. Employees of your Company or business associates can make Protected Disclosures to the Ethics Committee. The employees may, where the matters are of grave nature, make Protected Disclosures directly to the Chairperson of the Audit Committee of the Board of Directors of the Company; and
- No personnel was denied access to the Audit Committee of your Company.

4. **Code of Conduct**

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of your Company in accordance with the requirement under Regulation 17 of the Listing Regulations. The Code of Conduct has been posted on the website of your Company. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year 2016-17. The declaration to this effect signed by Shri. Santosh Varalwar, Managing Director of the Company forms part of the Report.

5. **Code of Conduct to Regulate, Monitor and Report trading by insiders:**

Vivimed Labs Limited' Code of Conduct to Regulate, Monitor and Report Trading by Insiders approved by the Board to conform to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code has been made applicable to cover Directors, Senior Management Personnel, persons forming part of Promoter(s)/ Promoter group(s) and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company ("Designated Persons"). The Designated Persons are restricted in purchasing, selling and dealing in the shares of the Company while in possession of unpublished price sensitive information about the Company".

6. **The Board:**

The Non-Executive Chairman of your Company has been provided a Chairman's Office at the Corporate Office of your Company.

7. **Shareholder Rights:**
Yearly results of your Company are sent to all shareholders of your Company and additionally, your Company uploads its Half yearly, quarterly results on its website (www.vivimedlabs.com). Your Company makes presentations to Institutional Investors and Equity Analysts on the Company's performance on a periodic basis which are also available on the website of your Company.

8. **Audit qualifications:**
During the year under review, there was no audit qualification on your Company's financial statements.

9. **Separate posts of Chairman and CEO:**
The Chairman of the Board is a Non- executive Director and his position is separate from that of the CEO.

10. **Reporting of Internal Auditor:**
The Internal Auditors reports to the Managing Director and has direct access to the Audit Committee and he participates in the meetings of the Audit Committee of the Board of Directors of your Company and presents his internal audit observations to the Audit Committee.

Means Of Communication

1. **Publication of quarterly results:**
Quarterly, half-yearly and annual financial results of the Company were published in leading English and vernacular language newspaper, viz., Financial Express and Karnataka edition of Samyutka Karnataka newspapers.

2. **Website and News Releases:**
In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investor relations' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/Half yearly/ Nine-months and Annual financial results along with the applicable policies of the Company. Your Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.

3. **Stock Exchange:**
Your Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

4. **NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & the Listing Centre:**
NEAPS is a web-based application designed by NSE for corporates.

BSE Listing is a web-based application designed by BSE for corporates.

All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically.

General Shareholder Information

i	Annual General Meeting	29th Annual General Meeting
	Date	Friday, 29th September, 2017
	Time	11:30 a.m.
	Venue	Plot No.78-A, Kolhar Industrial Area, Bidar – 585403, Karnataka.
ii	Financial Calendar:	1st April to 31st March
	Tentative Schedule for declaration of results during the financial year 2017-18	
	First Quarter	Around Second Week of August, 2017
	Second Quarter and Half Yearly	Around Second Week of November 2017
	Third Quarter and Nine Months	Around Second Week of February, 2018
	Fourth Quarter and Annual	Around Last Week of May, 2018
iii	Date of Book closure	September 23, 2017 to September 29, 2017 (both days inclusive)
iv	Dividend Payment Date	on or after October 3, 2017 and on or before October 28, 2017
v	Record date for Dividend	September 22, 2017

Dividend

The board of directors of the company has proposed a dividend of ₹0.40/- per share on equity shares of ₹2/-. The dividend, if approved by the shareholders at the 29th Annual General Meeting scheduled to be held on 29th September 2017,will be paid on or after October 3, 2017and on or before October 28, 2017.

V. **Listing on Stock Exchanges:** Company's equity shares are listed at:

Name and Address of the Stock Exchange	Scrip Code	ISIN for Depositories
BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai-400 001.	532660	INE526G01021
National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	VIVIMEDLAB	

Your Company has paid the listing fees to BSE and NSE for the financial year 2016-17.

VI. **Market Price Data**

The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31st March, 2017 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
2016						
Apr 16#	430.00	83.40	14,23,705	429.90	82.50	32,88,611
May 16	93.10	77.00	7,54,392	92.95	76.00	14,93,475
Jun 16	84.25	73.20	3,48,359	84.50	72.70	13,56,124
Jul 16	82.30	73.60	8,11,929	82.70	73.55	24,50,905
Aug 16	81.80	68.00	11,04,765	81.50	68.00	35,48,529
Sep 16	116.35	70.90	99,29,873	116.30	71.00	3,96,26,762
Oct 16	121.15	103.80	52,67,838	121.20	103.05	1,56,48,391
Nov 16	110.65	82.50	31,39,976	110.75	80.75	96,02,010
Dec 16	100.70	83.75	20,82,549	100.65	83.60	79,73,801
2017						
Jan 17	106.75	89.15	41,98,120	106.65	89.10	1,77,98,140
Feb 17	112.70	91.15	49,69,889	112.80	91.35	1,87,80,193
Mar 17	110.05	94.25	36,99,231	110.25	94.00	1,20,69,789

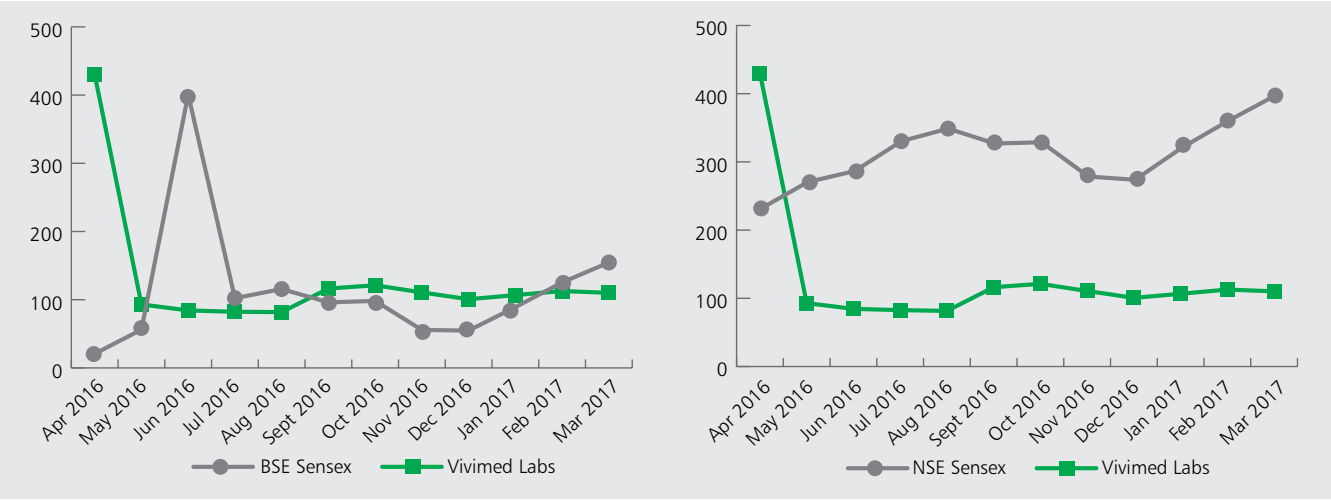
 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

Source: BSE and NSE websites

Note: High and low are in ₹ per traded share. Volume is the total monthly volume of trade (in numbers) in Vivimed Labs Limited's shares on BSE and NSE.

VII. **Performance in comparison to broad-based Indices**

The Charts below shows the comparison of your Company's share price movement on (i) BSE vis-à-vis the movement of the BSE Sensex (ii)NSE vis-à-vis the movement of the NSE Nifty for the year 2016-17 (based on month end closing):



VIII. **Registrar & Share Transfer Agents:**
(for Shares held in both Physical and Demat mode)
Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad – 500029
Phone: 040-27638111/27634445
Fax: 040-27632184
Email: info@aarthiconultants.com;
website: www.aarthiconultants.com

IX. **Share Transfer System**
The share transfer activities in respect of the shares in physical mode are carried out by M/s. Aarthi Consultants Private Limited. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

The Board of Directors of your Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder, etc., to the designated officials of your Company.

A summary of approved transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time as per Listing Regulations. Your Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force) and files a copy of the said certificate with BSE & NSE.

X. **Distribution of Shareholding**
Distribution of share holding of shares of your Company as on 31st March, 2017 is as follows:

No. of Equity Shares	Shareholders		Number of Shares @ ₹2/- each #	Amount	Amount Percentage
	Number	% to total			
1 - 5000	17887	92.80	6841811	13683622	8.44
5001 - 10000	656	3.40	2489784	4979568	3.07
10001 - 20000	317	1.64	2407378	4814756	2.97
20001 - 30000	107	0.55	1338241	2676482	1.65
30001 - 40000	61	0.32	1118210	2236420	1.38
40001 - 50000	48	0.25	1100293	2200586	1.36
50001 - 100000	80	0.42	2805287	5610574	3.46
100001 & Above	118	0.62	62917911	125835822	77.66
Total:	**19274**	**100**	**81018915**	**162037830**	**100**

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

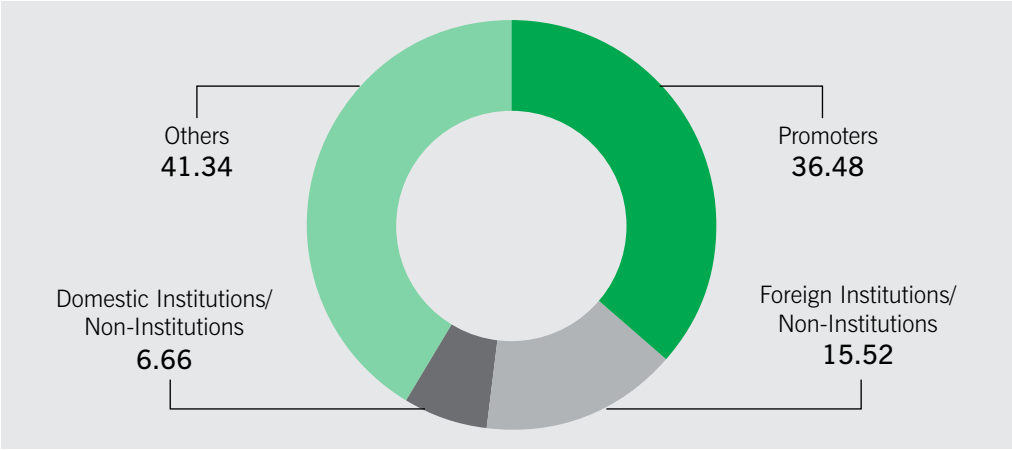
Shareholding Pattern as on 31st March, 2017:

	Category of Shareholder(s)	Total Number of Shares@ ₹2/- each #	% of total no. of shares
(A)	Shareholding of Promoter and Promoter Group		
	(a) Individuals / Hindu Undivided Family	17072045	21.07
	(b) Bodies Corporate	12482165	15.41
	Total Shareholding of Promoter and Promoter Group (A)	**29554210**	**36.48**
(B)	Public shareholding		
	(1) Institutions		
	(a) Mutual Funds / UTI	-	-
	(b) Financial Institutions / Banks	266758	0.33
	(c) Foreign Portfolio Investors	3426006	4.23
	(d) Others	-	-
	Sub-Total (B)(1)	**3692764**	**4.56**
	Central Government / State Government(s) / President of India	96130	0.12
	Sub-Total (B)(2)	**96130**	**0.12**

	Category of Shareholder(s)	Total Number of Shares@ ₹2/- each #	% of total no. of shares
	Category of Shareholder(s)		
	(2) Non-Institutions		
	(a) Bodies Corporate	5398342	6.66
	(b) Individuals		
	(i) Individual shareholders holding nominal share capital upto ₹2 lakh	16781281	20.71
	(ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	9760067	12.05
	(c) Non-Resident Indian (NRI) - Repatriable	3413622	4.21
	(d) NBFCs Registered with RBI	37500	0.05
	(e) Corporate Bodies - Foreign Bodies	9150685	11.29
	(f) Clearing Member	1550373	1.91
	(g) Foreign National - FN	1369840	1.69
	(h) Trust	2000	0
	(i) Non-Resident Indian (NRI) – Non Repatriable	212101	0.26
	Subtotal (B)(3)	**47675811**	**58.84**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	**51464705**	**63.52**
	Total (A)+(B)	**81018915**	**100.00**

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

Category-wise shareholding:



Details of your Company's Dematerialized Shares as on 31st March, 2017:

Number of shares	% of total shares
79497560	98.12222

Break up of shares in physical and demat form as on 31st March, 2017:

Particulars	No. of Shares@ ₹2/- each #	% of Shares
Physical segment	1521355	1.87778
Demat segment	79497560	98.12222
NSDL	62934787	77.67913
CDSL	16562773	20.44309
TOTAL	**81018915**	**100.00**

 # Sub-Division of 1 (One) Equity Share of face value of ₹10/- each into 5 (Five) Equity Shares of ₹2/- Each on 08.04.2016

XI. Dematerialization of shares

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic/ dematerialized form. For any clarification, assistance or information, please contact M/s. Aarthi Consultants Private Limited.

XII. Outstanding GDRs/ADRs/Warrants/Convertible Instruments and their impact on equity:

Your Company has 25,00,000 (Five Lakhs) outstanding employee stock options convertible into equity shares of ₹2/- each as on 31st March, 2017.

XIII. Plant Locations:

Specialty Chemicals Division

1. Plot No. 78/A, Kolhar Industrial Area, Bidar – 585403, State - Karnataka

Pharma Division

1. D 125 & 128, Phase III, Jeedimetla Industrial Estate, Hyderabad – 500055, State – Telangana
2. Plot No 44A & 41& 44B Anrich Industrial estate, Bollaram, Medak – 502325, State – Telangana
3. Plot No. 25, Kundeshwari Village, Kashipur, Udham Singh Nagar – 244713, State – Uttarakhand,
4. D-9, Industrial Area, Haridwar – 249401, State – Uttarakhand,
5. Plot No: 8, Phase V, IDA Jeedimetla , Hyderabad, 500055, State – Telangana
6. 130, Shanta Indl. Estate, Ist Floor, IB Patel Road,, Goregaon Mumbai East - 63, State – Maharashtra
7. Plot No-101 to 108 & 153, SIDCO Pharmaceutical Complex, Alathur, Kanchipuram District - 603110, Tamil Nadu,

R&D Centers

1. R& D Center, Plot No: 181, Sy. No. 121/P, IDA Mallapur, Hyderabad -500076 – Telangana
2. H.No:A-1/ABC, Main Road, Opp: Surana Wires Pvt. Ltd. IDA, Nacharam, Hyderabad – 500076 – Telangana

XIV. Address for Correspondence:

For any queries relating to the shares of your Company, correspondence may please be addressed at:
M/s. Aarthi Consultants Private Limited
1-2-285, Domalguda
Hyderabad – 500029
Phone: 040-27638111/27634445
Fax: 040-27632184
Email: info@aarthiconultants.com

For the benefit of shareholders, documents will continue to be accepted at the following Corporate Office of the Company:

Yugandhar Kopparthi
Company Secretary
Vivimed Labs Limited
(CIN: L02411KA1988PLC009465)
Corporate Off: North End, Road No.2,
Banjara Hills, Hyderabad – 500034
Tel: 91-40-66086608
Fax: 91-40-66086699
E-mail: yugandhar.kopparthi@vivimedlabs.com
Website: www.vivimedlabs.com

Shareholders are requested to quote their folio no. / DP ID & Client ID, e-mail address, telephone number and full address while corresponding with the Company and its Registrar & Transfer Agent.

XV. Addresses of Regulatory Authority/ Stock Exchanges:

Securities and Exchange Board of India
Plot No. C4-A, G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051, Maharashtra
Tel.: +91 22 2644 9000
Fax: +91 22 2644 9019-22

National Stock Exchange of India Limited
Exhange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051, Maharashtra
Tel.: +91 22 2659 8100
Fax: +91 22 2659 8120

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001, Maharashtra
Tel.: +91 22 2272 1233
Fax: +91 22 2272 1919

XVI. Transfer of unclaimed dividend to Investor Education and Protection Fund:

In terms of Section 123 of the Companies Act, 2013 and Sections 205A, 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Members are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF. As per the provisions of Investor Education and Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012, the Company has placed on its website (www.vivimedlabs.com), the information on dividend which remains unclaimed with the Company.

XVII. We have no equity shares Unclaimed Suspense Account

Annexure to Report on Corporate Governance for the financial year ended 31st March, 2017

Declaration of Compliance with the Code of Conduct

I hereby confirm that:

the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2017.

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad
Date: 31.08.2017

MANAGING DIRECTOR (MD) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,
The Board of Directors
Vivimed Labs Limited

We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2017 and that to the best of our knowledge and belief:

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

We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

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

We have indicated to the Auditors and the Audit Committee

1. significant changes in internal control over financial reporting during the year;
2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

Place: Hyderabad
Date: 31.08.2017

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Ramesh Challa
Chief Financial Officer

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of Vivimed Labs Limited

We have examined the compliance of conditions of corporate governance by Vivimed Labs Limited ("the Company"), for the year ended on March 31, 2017, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For P. Mulari & Co.,
Chartered Accountants
Firm Registration Number: 007257S

Sd/-
P. Murali Mohan Rao
Partner
Membership Number: 023412

Place: Hyderabad
Date: 31.08.2017

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members
Vivimed Labs Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vivimed Labs Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, 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 further report that:

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

   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

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

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

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

g) With respect to 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 notes to financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended 31st March 2017.

iv. The Company has provided requisite disclosures in its Financial Statements (Note No. 29) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books maintained by the Company.

For **P. Murali & Co.**,
Chartered Accountants
Firm Registration No: 007257S

Sd/-
P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: 27.05.2017

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of Vivimed Labs Limited on the standalone financial statements for the year ended 31st March 2017, we report that:

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

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The physical verification of inventory has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on such verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.

iv. The Company has not granted any loans or made any Invetments, or provided any guarantee or security to the parties covered under section 185 and 186 of the Act. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the company.

v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.

vi. We have broadly verified the books of accounts and records maintained by the company in respect of products where, pursuant to the rules made by the central government of India, the maintenance of cost records has been specified under the 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 been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues by & large, including Provident Fund, Employees' State Insurance, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues in arrears as at 31st March 2017 for a

period of more than 6 months for the date they became payable.

(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes except as given below in respect of Income Tax and Sales Tax:

S. No.	Name of the Statute	Assessment year	Amount in ₹
1	Income Tax Act	Various Assessment years	58,77,38,297
2	VAT & CST	Various Assessment years	10,70,51,981

viii. In our opinion, and according to the information and explanations given to us, the company has met its financial obligations with the financial institutions or banks as at the balance sheet.

ix. The Company has not raised any moneys by way of initial public officer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of this clause are not applicable to the Company.

x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.

xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandate by the provisions of section 197 read with schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the Provisions of clause 3(xii) of the order are not applicable to the company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, related party disclosures specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For **P. Murali & Co.**,
Chartered Accountants
Firm Registration No: 007257S

Sd/-
P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: 27.05.2017

Annexure B to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of Vivimed Labs Limited ('the company') as of 31st march 2017 in conjunction with our audit of standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control 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 these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, 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 principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acqusition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation 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 deducted. 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 in adequate 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 31st, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

For **P. Murali & Co.**,
Chartered Accountants
Firm Registration No: 007257S

Sd/-
P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: 27.05.2017

Balance Sheet as at 31st March, 2017

₹ in Millions

	Note No.	As at 31/03/17	As at 31/03/16
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1		
(i) Equity Share Capital		162.04	162.04
(ii) Preference Share Capital			
(b) Reserves and Surplus	2	5,329.12	3,534.37
(c) Money Received against Share Warrants		-	
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	1,883.10	1,930.32
(b) Defferred Tax Liabilities (Net)	4	323.70	325.37
(c) Other Long Term Liabilities	5	902.41	3,210.40
(d) Long Term Provisions	6	35.59	33.82
(3) Current Liabilities			
(a) Short-Term Borrowings	7	3,006.46	2,919.06
(b) Trade Payables	8	405.02	244.50
(c) Other Current Liabilities	9	853.14	1,140.83
(d) Short-Term Provisions	10	742.36	153.14
TOTAL		13,642.92	**13,653.84**
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	11	3,821.21	3,762.35
(ii) Intangible Assets	11	508.07	107.03
(iii) Capital Work-In-Progress	11	586.41	408.29
(b) Non-Current Investments	12	832.66	2,300.46
(c) Other Non Current Assets		2.29	
(2) Current Assets			
(a) Inventories	13	2,856.61	2,681.71
(b) Trade Receivables	14	2,268.56	2,308.60
(c) Cash and Bank Balances	15	155.55	71.76
(d) Short-Term Loans and Advances	16	2,552.24	1,954.35
(e) Other Current Assets	17	59.31	59.31
TOTAL		13,642.92	**13,653.84**
Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements		(0.00)	(0.00)

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

For Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Place : Hyderabad
27.05.2017

Sd/-
Ramesh Challa
Chief Financial Officer

Sd/-
Yugandhar Kopparthi
Company Secretary

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

₹ in Millions

Particulars	Note No	For the Year Ended 31-03-2017	For the Year Ended 31-03-2016
Revenue:			
Revenue from Operations	18	5,698.38	3,193.94
Other Income	19	23.41	9.84
TOTAL		**5,721.79**	**3,203.77**
Expenses:			
Cost of Materials Consumed	20	1,821.92	1,246.77
Changes in Inventories	21	(22.61)	68.68
Employee Benefit Expenses	22	415.99	239.93
Other Operating Expenses	23	435.23	378.38
Administrative Expenses	24	453.02	408.10
Financial Costs	25	535.50	560.59
Depreciation and Amortization Expenses	11	268.32	187.92
TOTAL		**3,907.37**	**3,090.38**
Profit Before Tax		1,814.42	113.40
Tax Expense:			
(a) Current tax		481.21	22.23
(b) Deferred tax		6.42	9.89
(c) MAT Credit			
Profit After Tax		**1,326.79**	**81.27**
Earning Per Equity Share:			
(1) Basic		16.38	5.02
(2) Diluted		15.89	4.87

Summary of Significant Accounting Policies and
the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
27.05.2017

For Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Sd/-
Ramesh Challa
Chief Financial Officer

Sd/-
Yugandhar Kopparthi
Company Secretary

Standalone Cash Flow as at 31st March, 2017

₹ in Millions

Particulars	FY 17	FY 16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	1,814.42	113.40
Add : Adjustment for		
– Depreciation	233.48	176.03
– Amortization Expenses	29.37	11.89
– Financing Charges	175.91	154.68
– Depreciation Retained Earnings	-	
– Prior Period Adjustments from Acquisitions	(4.84)	34.81
Operating Profit before Working Capital Changes	2,248.35	490.81
Foreign Currency Translation Adjustments		
Working Capital changes		
Add / (Less) : (Increase) / Decrease in		
– Inventories	16.44	(456.72)
– Trade receivables	555.74	(27.84)
– Loans, Advances & Deposits (Long Term & Short Term)	(279.88)	(330.48)
– Other Current Assets	-	-
– Trade Payables	(58.29)	(211.60)
– Other Current Liabilities	(109.77)	9.00
– Short term Provisions	51.89	(15.31)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,424.48**	**(542.14)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
– Proceeds from Fixed Assets	416.36	(335.90)
– Proceeds from Intangible Assets	(55.65)	-
– (Increase) / Decrease in Capital Work in Progress	(26.98)	224.43
– (Increase) / Decrease in Miscellaneous Expenditure	-	-
– (Increase) / Decrease in Investments	(0.20)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	**333.54**	**(111.47)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
– Long Term Borrowings	(258.71)	(1,147.75)
– Short term Borrowings	(94.78)	(3.39)
– Other Long Term Liabilities	(2,491.54)	1,982.12
– Share Premium/General Reserve & Others	370.00	
– Preference Share Capital & Pending allotment Money	-	-
– Share Capital	-	-
– Long Term Provisions	0.61	13.60
– Interest paid	(175.91)	(154.68)
– Dividend Paid	(39.47)	
– Foreign Exchange Fluctuation	(64.37)	(104.48)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(2,754.17)**	**585.42**
NET INCREASE IN CASH AND CASH EQUIVALENTS	3.85	(68.19)
Opening Cash and Equivalents	71.76	139.95
Opening Cash and Equivalents	79.95	-
Closing Cash and Equivalents	**155.56**	**71.76**

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For Vivimed Labs Limited

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Place : Hyderabad
27.05.2017

Sd/-
Ramesh Challa
Chief Financial Officer

Sd/-
Yugandhar Kopparthi
Company Secretary

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 1 SHARE CAPITAL

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
a	**Equity Share Capital**		
	(a) Authorised		
	(No. of Shares 20,00,00,000- Current Year @₹2/-)	400.00	400.00
	(No. of Shares 4,00,00,000- Previous Year @₹10/-)		
	(b) Issued		
	(No. of Shares 8,10,18,915 Current Year @₹2/-))	162.04	162.04
	(No. of Shares 1,62,03,783 Previous Year @₹10/-))		
	(c) Subscribed & Fully Paid Up		
	(No. of Shares 8,10,18,915Current Year @₹2/-))	162.04	162.04
	(No. of Shares 1,62,03,783 Previous Year @₹10/-))		
	(d) Subscribed & not fully paid up		
	(e) Par Value per share ₹2/-		
	Total Equity Share capital	162.04	162.04
b	**Preference Share Capital**		
	(a) Authorised		
	(No. of Shares 7,10,000 - Current Year)	710.00	710.00
	(No. of Shares -7,10,000 - Previous Year)		
	(b) Issued		-
	(No. of Shares - NIL Current Year)		-
	(No. of Shares NIL - Previous Year)		
	(c) Subscribed & Fully Paid Up		
	(No. of Shares - NIL Current Year)		
	(No. of Shares NIL - Previous Year)		
	(d) Subscribed & not fully paid up		
	(e) Par Value per share ₹1000/-		
	Total Preference Share capital		
	Total Share Capital (Equity & preferance)	162.04	162.04
c	**A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**		
	Equity Shares of ₹2/-Each, Fully paid up		
	At the Beginning	8,10,18,915	1,62,03,783
	Issued during the year - Bonus Issue		
	Issued during the year - Cash Issue		
	Equity Shares		
	Warrants converted into shares		
	CCPS Converted into Equity shares		
	Issued during the year - Other than cash		
	Forfeited / Bought Back during the year		
	At the end	8,10,18,915	1,62,03,783
d	**Preference Shares of ₹1000 Each, Fully paid up**		
	At the Beginning		-
	Issued during the year - Cash Issue		
	At the end	-	-
e	**Details of Shareholder holding more than 5% shares of the company:**	% of Share Holding	% of Share Holding
	Equity Shares of ₹10 each Held By		
	Nylim Jacob BallasIndis Fund III, LLC - No. Of Shares (CY- Nil) (PY 2126984)	0	13.13%
	BBR Projects Pvt Ltd - No. Of Shares (CY 12482165) (PY 2296433)	15.04%	14.17%
	KITARA PIIN 1102 - No. Of Shares (C.Y 9150685), (PY 1830137)	11.29%	11.29%
	Santosh Varalwar - No. Of Shares (C.Y 6099050) (PY 1219810)	7.53%	7.53%

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 2 RESERVES AND SURPLUS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	RESERVES AND SURPLUS		
	a) Capital Reserve	8.57	8.57
	b) Securities Premium Reserve		
	As at the commencement of the year	1,766.60	1,766.60
	Add: Additions during the year		
	Security Premium Reserve at the End of the Year	1,766.60	1,766.60
	c) Revaluation Reserve	380.00	10.00
	d) Capital Subsidy	3.00	
	e) General Reserve		
	As at the commencement of the year	167.80	167.80
	Add: Additions during the year		
	General Reserve at the End of the Year	167.80	167.80
	f) Surpuls :		
	i) Opening Balance - Profit and Loss Account	2,013.72	1,932.45
	Add: Transfer from Profit & Loss Account	1,326.79	81.27
	Add : Balances of Amalgamated entities	205.57	-
		3,546.08	2,013.72
	ii) Proposed Dividend		
	Equity Shares Capital	32.79	-
	Preference Share Capital	-	-
	Dividend Tax	6.68	-
		3,506.61	2,013.72
	g) Foreign Currency Translation Reserve	(503.47)	(432.32)
	Total	5,329.12	3,534.37

NOTE NO. 3 LONG TERM BORROWINGS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Long Term Borrowings (Non Current Portion)		
	a) Secured & Considered Good - - Refer Note No. 3(a)		
	Term Loans From Banks	657.32	484.95
	Term Loans From Financial Institutions	640.18	947.88
		1,297.50	1,432.83
	b) Unsecured & Considered Good		
	FCCB's From Financial Institutions	567.34	497.50
	Other Loans	18.26	
	Note No .3(a): *Term Loans secured and considered good from State Bank of Hyderabad, State Bank of India, Axis Bank, Exim Bank & International Finance Corporation are secured by first pari passu charge on all the present and future fixed assets both movable and immovable properties of the company.*		
	Total	1,883.10	1,930.32

NOTE NO. 4 DEFERRED TAX LIABILITY

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
	Deferred Tax Liability/ (Asset) - Net	323.70	325.37

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 5	OTHER LONG TERM LIABILITIES		₹ in Millions
S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	a) Advances from Related Parties & Others - Refer Note No. 37	424.95	343.24
	b) Others	477.46	2,867.16
	Total	902.41	**3,210.40**

NOTE NO. 6	LONG TERM PROVISIONS		₹ in Millions
S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	a) Provisions for Employee Benefits	31.55	27.65
	b) Deffered Payment Liabilities	4.04	6.17
	Total	35.59	**33.82**

NOTE NO. 7	SHORT TERM BORROWINGS		₹ in Millions
S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	**Short Term Borrowings**		
	Working Capital Loans from Banks - - Refer Note No. 7(a)		
	- Secured & Considered Good		
	a) Cash Credit & Packing Credit Loans	2,958.66	2,836.46
	b) Loan against Foreign Bills Discounting	47.79	82.59
	Total	3,006.46	**2,919.06**

NOTE NO. 8	TRADE PAYABLES		₹ in Millions
S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	**Trade Payables**		
	Creditors for Supplies & Services	405.02	244.50
	Total	405.02	**244.50**

NOTE NO. 9	OTHER CURRENT LIABILITES		₹ in Millions
S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
	Current Maturities of Long Term Debt & Other Liabilities	853.14	1,140.83
	Total	853.14	**1,140.83**

NOTE NO. 10	SHORT TERM PROVISIONS		₹ in Millions
S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	a) Provision for employee benefits	40.33	17.46
	b) others	702.03	135.69
	Total	742.36	**153.14**

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 11 FIXED ASSETS

₹ in Millions

Particulars	Gross Block						Depreciation/Amortization						Net Block as at 31.03.2017	Net Block as at 01.04.2016
	As at 01.04.2016	Additions till 31.03.2017	Additions from Amalgamated entity from 01.04.2014 to 31.03.2016	Capitilization during the year	Sale / Deletions during the year	As at 31-03-2017	Dep. As on 01.04.2016	Dep. From 01.04.2016 to 31.03.2017	Dep. From 01.04.2014 to 31.03.2016 on Amalgamated Entities	Dep & amt charged to Retained Earnings	Impairment Loss / Reversal	Total Depreciation		
Land	872.25	370.00	89.98	-	93	1,238.77	0.00	0.00	0.07	0.08		0.08	1,238.69	872.25
Building	1,011.97	38.44	259.98	-	254	1,056.69	142.50	48.35	76.10	124.45	52	215.25	841.44	869.47
Plant & Machinery	2,611.39	103.32	676.62	-	735.34	2,656.00	713.72	144.98	312.68	457.67	106	1,065.07	1,590.93	1,897.67
Electrical Equipment	68.53	(0.00)	42.41	-	13	97.90	39.76	4.11	9.70	13.81	4	49.95	47.95	28.77
Laboratory Equipment	103.99	-	-	-	15	88.73	41.49	4.94	-	4.94	4	42.68	46.05	62.50
Office Equipment	9.25	0.04	16.88	-	0	25.72	7.80	0.87	7.81	8.68	0	16.36	9.36	1.45
Computers	47.03	0.41	27.52	-	1	74.03	39.22	5.48	26.39	31.88	1	70.42	3.60	7.82
Furniture	24.66	0.70	60.29	-	8	77.84	15.36	6.50	38.57	45.07	4	56.63	21.21	9.30
Vehicles	43.88	7.54	11.32	-		62.74	30.76	4.80	5.22	10.03		40.79	21.96	13.12
Books & Periodicals	-	-	0.04	-	-	0.04	-	0.00	0.02	0.03		0.03	0.01	-
	4,792.96	**520.44**	**1,185.05**	-	**1,120.00**	5,378.45	**1,030.61**	220.05	**476.58**	**696.63**	**170**	**1,557.24**	3,821.21	**3,762.35**
Intangible Assets	163.12	74.54	334.59			572.25	56.10	48.27	128.95	177.22		233.32	338.93	107.03
Consolidation Intangible On Amalgamated Entity		169.14				169.14			-	-		-	169.14	
Sub-Total	**163.12**	**243.68**	**334.59**	-	-	741.39	**56.10**	48.27	**128.95**	**177.22**	-	**233.32**	508.07	**107.03**
Capital Work In Progress	408.29	109.24	68.88		-	586.41	-		-	-		-	586.41	408.29
Sub Total	408.29	109.24		-	-	586.41	-	-		-	-	-	586.41	408.29
Total	**5,364.37**	**873.36**	**1,519.63**	-	**1,120.00**	6,706.25	**1,086.70**	268.32	**605.53**	**873.85**	**170**	**1,790.56**	4,915.69	**4,277.67**

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 12 NON- CURRENT INVESTMENTS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Non- Current Investments		
	1) Investment in Subsidiaries		
	a) Equity Shares		
	Unquoted Shares at Cost - Other than Trade	832.66	2,300.46
	Total	832.66	2,300.46

NOTE NO. 13 INVENTORIES

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Inventories :		
	(a) Raw Materials	1,895.63	1,834.00
	(c) Packing Materials	111.72	4.37
	(b) Semi-finished & Work in process	142.58	90.19
	(c) Finished Goods	705.64	730.01
	(d) Goods - in - Transit	1.05	23.15
	Total	2,856.61	2,681.71

NOTE NO. 14 TRADE RECEIVABLES

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Outstanding for a period exceeding six months		
	Unsecured, Considered Good	612.51	571.24
	Other Receivables:		
	Unsecured, Considered Good	1,656.05	1,737.36
	Total	2,268.56	2,308.60

NOTE NO. 15 CASH AND BANK BALANCES

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Cash and cash eqivalents :		
	a) Balances with banks :		
	1) On Current Accounts	153.77	71.38
	b) Cash on hand	1.78	0.38
	Total	155.55	71.76

NOTE NO. 16 SHORT TERM LOANS AND ADVANCES

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Loans & Advances to Related Party		
	UnSecured & Considered Good	1,177.76	951.77
	Vivimed Holdings Limited (WOFS)	855.92	855.92
	Vivimed Labs USA Inc. (WOFS)	72.88	33.15
	Vivimed Labs Mauritius (WOFS)	138.28	53.07
	Vivimed Labs Spain (WOFSTDS)	90.33	17.12
	Vivimed Labs Europe (WOFS)		
	Uquifa Mexico	(3.82)	
	Advance to Octtantis Nobel Labs Private Limited (WOS)		56.45
	Vivimed Labs Limited Holding Company		
	Vivimed Pharma Division		
	Advances to Octtantis Neutra		

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 16 SHORT TERM LOANS AND ADVANCES *(contd.)* *₹ in Millions*

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
	Advance to Klarsehen		0.01
	Advance to Actavis		(104.79)
	Creative Health Care		
	Finoso Pharma	(0)	40.83
	BBR projects	25	
II	**Deposits**	**413.97**	**340.28**
	Deposits & Statutory Duties	413.97	340.28
III	**Others**	**960.52**	**662.29**
	Loans & Advances to Employees	103.42	49.20
	Export Incentives	-	28.73
	Prepaid Expense	169.20	168.27
	Advance tax paid & Demand Taxes for AY 2008-09	90.87	7.00
	Other Advance	597.01	409.10
	Total	**2,552.24**	**1,954.35**

NOTE NO. 17 OTHER CURRENT ASSETS *₹ in Millions*

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	MAT Receivable	59.31	59.31
	Total	**59.31**	**59.31**

NOTE NO. 18 REVENUE FROM OPERATIONS *₹ in Millions*

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Revenue from Operations		
	(a) Sale of Products		
	Domestic	1,995.72	1,208.73
	Export	1,664.35	1,984.56
	(b) Other Operating Revenues	2,039.65	0.65
		2,038.30	-
	Total	**5,698.38**	**3,193.94**

NOTE NO. 19 OTHER INCOME *₹ in Millions*

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Interest on Bank Fixed Deposits	6.78	4.54
	Interest received on Electricity Deposits		
	Dividend income from current investments		
	Loss on Sale of Current Investments		
	Industrial Promotion Assistance		
	Other Miscellaneous Income	16.62	5.30
	Interest on Intercompany Loans		
	Total	**23.41**	**9.84**

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 20 COST OF MATERIALS CONSUMED

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Opening Stock of Raw Materials and Consumables	1,834.00	1,258.80
	Opening Stock of Packing Materials	4.37	35.56
	Add : Opening Stock of Raw Material on Amalgamated Entities	85.28	
	Add : Opening Stock of Packing Material on Amalgamated Entities	56.88	
	Add : Purchases during the year	1,849.01	1,790.77
		3,829.54	3,085.13
	Less : Closing Stock of Raw Materials and Consumables	1,895.63	1,834.00
	Less : Closing Stock of Packing Materials	111.99	4.37
	Total	**1,821.92**	**1,246.77**

NOTE NO. 21 CHANGES IN INVENTORIES & WIP

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	**Finished Goods**		
	Inventories at the beginning of the year	730.01	694.42
	Add : Amalgamated Entities Finished Goods	30.83	
	Less : Inventories at the end of the year	762.94	730.01
	Sub Total (A)	**(2.10)**	**(35.59)**
	Semi Finished Goods & Work in Progress		
	Inventories at the beginning of the year	128.74	233.01
	Add : Amalgamated Entities Semi Finished Goods		
	Less : Inventories at the end of the year	142.58	128.74
		(13.84)	**104.27**
	Semi Finished Goods & Work in Progress		
	Inventories at the beginning of the year		
	Less : Inventories at the end of the year		
	Sub Total (B)		-
	Goods in transit	(6.67)	-
	(Increase) / Decrease in Inventories (A+B)	**(22.61)**	**68.68**

NOTE NO. 22 EMPLOYEE BENEFIT EXPENSES

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	(a) Salaries & Wages	369.12	236.47
	(b) Contribution to Provident Fund & ESI	15.15	2.45
	(c) Others	31.73	1.02
	Total	**415.99**	**239.93**

NOTE NO. 23 OTHER OPERATING EXPENSES

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Consumption of Stores & Spares	38.65	43.75
	Power & Fuel	151.30	110.28
	Wages & Allowances	21.67	30.06
	Labour Charges	54.57	45.53
	Repairs to Building	5.14	0.66
	Repairs to Machinery	43.13	33.00
	Other Manufacturing Expenses	48.62	40.92
	Job Work Charges	10.47	10.44
	R & D Expenses	61.67	63.75
	Total	**435.23**	**378.38**

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

NOTE NO. 24 ADMINISTRATIVE EXPENSES

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Business & Marketing Expenses	19.48	15.95
	Commission & Discounts	12.66	16.72
	Travelling Expenses - Foreign	4.86	10.76
	Printing & Stationery	4.91	4.27
	Telephone & Postage Expenses	12.39	6.97
	Travelling Expenses	39.45	23.05
	Rates & Taxes	21.68	4.15
	Conveyance	7.19	12.19
	Consultancy charges	15.52	50.47
	Directors' Sitting Fee	0.95	0.44
	Insurance	12.47	11.22
	Rent	11.62	12.01
	Other Administrative Expenses	236.08	186.86
	Bank charges	1.76	6.92
	Processing Fee on Term Loans	23.70	27.43
	Fluctuation on Foreign exchange	(3.06)	(18.04)
	Directors' Remuneration - Salary	29.00	29.00
	Payment to Auditors:		
	(i) As Auditor	2.35	7.73
	(ii) For Taxation Matters	0.02	
	Total	**453.02**	**408.10**

NOTE NO. 25 FINANCE COST

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	(a) Interest Expenses		
	- Interest on Cash Credit	341.25	405.91
	- Interest on Term Loans	159.86	112.09
	- Interest on Vehicle Loan	4.60	0.52
	- Interest on ECB Loan	29.79	42.08
	Total	**535.50**	**560.59**

26. SIGNIFICANT ACCOUNTING POLICIES TO THE STANDALONE FINANCIAL STATEMENTS

BASIS OF PREPARATION:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956,shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act,1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

1. **Accounting Convention and Revenue Recognition:**

   The Financial Statements have been prepared on a going concern basis in accordance with historical cost convention except for such fixed assets which are revalued. Both Income and Expenditure are recognized on accrual basis.

   Sales are accounted Net of Excise Duty, Taxes and Sales Returns. Other Items of Revenue are recognized in accordance with AS-9.

2. **Cash Flow Statement: AS-3**

   The Company has prepared Cash Flow Statement as per the AS-3.

   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

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

3. **Retirements Benefits:**
Staff benefits arising out of retirements / death, comprising of contributions to Provident Fund, Superannuation & Gratuity Schemes, accrued Leave Encashment and other post–separation benefits are accounted for on the basis of an independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

4. **Accounting for Fixed Assets:**
Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of Fixed Assets where they are stated at revalued amount, as contained in AS-10. Capital Work-in-Progress includes cost of Fixed Assets under installation, any unallocated expenditure and Interest during construction period on loans taken to finance the Fixed Assets.

5. **Accounting for Depreciation:**
   i) Depreciation on Fixed Assets is provided on straight-line method.
   ii) Effective 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Act, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

6. **Accounting for Government Grants:**
Government Grants / Subsidies are accounted in accordance with AS-12.

7. **Accounting for Investments:**
Long term investments are stated at cost. However, provision for diminution is made to recognise any decline, other than temporary, in the value of long term investments. Current Investments are stated at the lower of cost and fair value.

8. **Accounting for Intangible Assets:**
Intangible assets are capitalized at cost if :
   a) It is probable that the future economic benefits that are attributable to the asset will flow to the company;
   b) The company will have control over the assets;
   c) The cost of these assets can be measured reliably and is more than 10,000/- & this is in accordance with AS-26.
   d) Expenditure on Research and Development:
      (i) Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.
      (ii) Revenue Expenditure on research including the expenditure during the research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

9. **Transactions in Foreign Exchange:**
Sales / Purchases and revenue incomes / expenses in foreign currency are booked at the exchange rate prevailing on the date of transaction. Gain / Loss arising out of fluctuations in exchange based on the rate on date of realization is accounted for in the Profit and Loss Account as per AS-11.

   Foreign Currency Monetary assets and liabilities are translated at year end exchange rates.

   Foreign currency loans covered by forward contracts are realigned at the forward contract rates while those not covered by forward contracts are realigned at the rate prevailing at the year end.

   Non monitory assets and liabilities are translated at the rate prevailing on the date of transaction and foreign exchange fluctuation gain or loss raised on account of translation of non monitory items like long term loans and advances are accumulated in a reserve account (FCMITDA).

10. **Accounting for Borrowing Costs:**
Borrowing cost relating to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing costs that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for capitalisation, are charged to revenue.

11. **Accounting & Valuation for Inventories:**
   a) Materials, Stores & Spares, Tools and Consumables are valued at Cost or Market Value, whichever is lower, on the basis of First In First Out method reflecting the fairest possible approximation to the cost incurred in bringing the items of Inventory to their present location and condition.
   b) Finished Stock of completed products is valued at lower of Cost or Net Realisable Value on the basis of actual identified units.
   c) Scrap is valued at Net Realisable Value.
   d) Work in process in respect of activities is valued at estimated cost.
   e) Shuttering and Tools is valued at amortised Cost, spread over a period of three years.

12. **Accounting for Taxes on Income:**
   a) Provision for tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.
   b) Deferred tax resulting from timing differences between the book and the tax profits is accounted for, at the current rate of tax, to the

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

extent that the timing differences are expected to crystallize. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date.

13. **Provisions, Contingent Liabilities and Contingent Assets:**
Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event;

b) A probable outflow of resources is expected to settle the obligation; and

c) The amount of the obligation can be reliably estimated.

d) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;

b) A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

14. **Earnings per Share:**
The earnings considered in ascertaining the companies earning per share comprise net profit after tax and includes the post tax effect of any extra-ordinary/exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

15. **Accounting for Impairment of Assets:**
Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired.

Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of carrying amount over the higher of the asset's net sale price or present value as determined above.

16. **Related Party Disclosures:**
The Company as required by AS-18 furnishes the details of Related Party Disclosures in the notes to financial statements.

27. EQUITY SHARE CAPITAL AND COMPULSORY CONVERTIBLE PREFERENCE SHARES:

During the FY 2016-2017 there was no issue of shares. The Company has passed shareholders resolution on 25-02-2016 for subdivision of Equity Capital 1 (One) equity share of face value of ₹10/- Each into 5 (Five) Equity shares of ₹2 Each.

28. EMPLOYEE BENEFITS (GRATUITY & EARNED LEAVE ENCASHMENT):

The details of the Company's post – retirement benefit plans for its employees including whole-time directors are given below which are certified by an Independent Actuary.

a) Amounts recognized in the Balance Sheet as at 31-03-2017:

₹ in Millions

S.No.	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Present value of obligation as at the end of the year	19.73	22.29	5.37	5.46
2	Value of fund as at the year end				-
3	Funded status	(19.73)	(22.29)	(5.37)	(5.46)
4	Unrecognised actuarial gain/losses				-
5	Net asset/liability recognised in Balance Sheet	(19.73)	(22.29)	(5.37)	(5.46)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2017

₹ in Millions

S.No.	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Current Service Cost	2.24	2.62	(0.08)	(0.51)
2	Interest Cost	1.76	1.56	0.43	0.46
3	Net actuarial gain/ loss recognised in the year	(6.33)	(1.42)	3.52	(0.46)
4	Expenses recognised in Profit & Loss Account	(2.33)	2.76	6.98	(0.50)

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

28. EMPLOYEE BENEFITS (GRATUITY & EARNED LEAVE ENCASHMENT): *(contd.)*

c) Present value of Obligation for the year ended 31-03-2017:

₹ in Millions

S.No.	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Present Value of the obligation as at the beginning of the year	22.29	20.10	5.46	5.96
2	Interest Cost	1.76	1.56	0.43	0.46
3	Service Cost	2.23	2.62	(0.08)	(0.51)
4	Benefits Paid	(0.23)	(0.57)	(0.78)	-
5	Actuarial gain/loss on obligations	(6.33)	(1.43)	0.35	(0.46)
6	Present Value of the obligation as at the end of the year	19.73	22.29	5.37	5.46
	a. Current Liability	4.14	4.60	5.37	5.46
	b. Non-Current Liability	15.59	17.69	-	-

d) Actuarial (Gain) / Loss recognised during the year:

₹ in Millions

S.No.	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Actuarial (gain)/Loss for the year-Obligation	6.33	1.43	(3.52)	0.46
2	Total (Gain)/Loss for the year	(6.33)	(1.43)	3.52	(0.46)
3	Actuarial (gain)/ loss recognised in the year	(6.33)	(1.43)	3.52	(0.46)

e) Assumptions:

Assumptions made for the purpose of Gratuity & Leave Encashment valuation for the year ended 31-03-2017:

₹ in Millions

S.No.	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Discount Rate	7.52%	7.90%	7.52%	7.90%
2	Rate of increase in Compensation Levels	2%	2%	2%	2%
3	Rate of Return on plan assets	0%	0%	0%	0%
4	Expected average remaining working lives of employees (years)	23 Yrs	22Yrs	23 Yrs	22Yrs

SICK LEAVE ENCASHMENT

a) Amounts recognized in the Balance Sheet as at 31-03-2017:

₹ in Millions

S.No.	Particulars	31-03-2017	31-03-2016
1	Present value of obligation as at the end of the year	2.81	2.14
2	Fair value of plan provisions as at the end of the year	-	-
3	Funded status	(2.81)	(2.14)
4	Unrecognised actuarial gain/losses	-	-
5	Net asset/liability recognised in Balance Sheet	(2.81)	(2.14)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2017

₹ in Millions

S.No.	Particulars	31-03-2017	31-03-2016
1	Current Service Cost	0.67	2.14
2	Interest Cost	0.16	-
3	Net actuarial gain/ loss recognised in the year	(0.16)	-
4	Expenses recognised in Profit & Loss Account	0.67	2.14

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

29. DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD FROM 8TH NOVEMBER, 2016 TO 30TH DECEMBER, 2016:

₹ in Millions

	SBNs	Other denomination Notes			Total
Closing cash in hand as on 08.11.2016	7000	8000	1000 100	7 80	15,000
(+) Permitted receipts (Cash withdrawals)		11,26,100	100	11261	11,26,100
(-) Permitted payments	7000	2,40,000	1000 100	7 2400	2,47,000
(-) Amount deposited in Banks		7000	100	70	7000
Closing cash in hand as on 30.12.2016			100	8871	8,87,100

30. TREATMENT OF CAPITAL WORK IN PROGRESS:

Capital Work in Progress includes Cost of Land under acquisition and Plant, Machinery & Equipments under installation.

31. DETAILED INFORMATION REGARDING QUANTITATIVE PARTICULARS UNDER PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013:

i) Quantitative information with regard to Licensed Capacity and & Installed Capacity per annum.

Sl. No.	Item	UOM	Quantity
1	Speciality Chemicals	MT	5347
2	Capsules	Million	775
3	Tablets	Million	2080
4	Lotions	KL	8305
5	Ointments	MT	1335
6	Small Volume Parenterals	KL	592
7	Liquids	KL	3500
8	Sachets	MT	63

32. PRODUCTION DATA:

Sl. No.	Item	UOM	Quantity	
			2016-17	2015-16
1	Speciality Chemicals	MT	2762.86	3892.12
2	Capsules	Million	8.5	11.23
3	Tablets	Million	1247.28	814.80
4	Lotions	KL	1852.84	1860.63
5	Ointments	MT	240.18	155.81
6	Liquids	KL	4168.48	-
7	Sachets	MT	9.88	9.38
8	Small Volume Parenterals	KL	581.71	570.82

33. SALES DATA:

Product	UOM	Qty.		Value (Million)	
		2016-2017	2015-2016	2016-2017	2015-2016
Specialty Chemicals	MT	2775.07	3780.89	3203.03	2411.34
Capsules	Million	11.27	23.93	15.37	17.30
Tablets	Million	1227.23	807.28	842.47	256.36
Lotions	KL	2024.59	1493.80	489.96	197.44
Ointments	MT	210.83	10.75	157.49	0.91
Liquids	KL	4185.98	-	473.45	
Small Volume Parenterals	KL	587.5	572.00	511.51	300.13
Others	MT	-	0.05	-	0.91
Sachets	MT	9.88	69.48	5.10	9.54
Total				5698.38	3193.93

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

34. OPENING & CLOSING STOCK OF FINISHED GOODS AS AT 31-03-2017:

Product	UOM	Opening Stock		Closing Stock	
		Quantity	Value (Millions)	Quantity	Value (Millions)
Specialty Chemicals	MT	397.74	669.62	385.59	699.05
Capsules	Million	4.72	5.27	1.95	1.25
Tablets	Million	8.70	54.04	28.75	20.12
Lotions	KL	405.39	115.31	233.64	10.71
Ointments	MT	150.84	2.30	180.19	2.95
Liquids	KL	-	-	4.96	1.46
Small Volume Parentals	KL	5.90	4.92	0.11	0.1
Total			**851.47**		**735.64**

35. CONSUMPTION OF MATERIALS:

S.No.	Particulars	2016-17		2015-16	
		₹ Millions	% of Consumption	₹ Millions	% of Consumption
1	Indigenous	786.11	86.36%	857.95	80.99%
2	Imported	124.14	13.64%	201.40	19.01%

36. RELATED PARTY DISCLOSURES: ACCOUNTING STANDARD 18

	List of Related Parties and Relationships	Country of Incorporation
(i)	**Holding Company**	
	Vivimed Labs Limited	India
(ii)	**Subsidiary Companies**	
1	Finoso Pharma Private Limited	India
2	Vivimed Holdings Limited, Hong Kong	Hongkong
3	Vivimed Labs Europe Limited, UK	United Kingdom
4	Vivimed Lab USA Inc. USA	USA
5	Vivimed Labs Spain SL	Spain
6	Union Quimico Farmaceutica SAU, Spain	Spain
7	Uquifa Mexico S A de C.V	Mexico
8	Vivimed Labs Mauritius Limited	Mauritius
9	Holiday International Limited	UK
10	Vivimed Labs UK Limited	UK
11	Vivimed Specialty Chemicals	India
12	Vivimed Life sciences	India

(iii) Enterprises in which key Management Personnel have significant Influence

1	BBR Projects Pvt Ltd	India
2	Kreative Hosts Atria Pvt. ltd.	India
3	Yantra Green Power Pvt Ltd	India
4	Nisarg life sciences Pvt Ltd	India

(iv) Key Management Personnel

		Position
1	Dr. V Manohar Rao	Executive Chairman
2	Subhash Varalwar	Executive Vice Chairman
3	Santosh Varalwar	CEO & Managing Director
4	Sandeep Varalwar	Director
5	S Raghunandan	Director

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

37. TRANSACTIONS WITH RELATED PARTIES:

1. Investment in

	Nature of Transactions	2016-17	2015-16
		₹ (Millions)	₹ (Millions)
	Octanttis Nobel Labs Pvt Limited, India	0	23
	Creative Health Care Private Limited, India	0	25
	KlarSehen Private Limited, India	0	200
	FinosoPharma Private Liimited	100	100
	VivimedAlathur Private Limited	0	1220
	Vivimed Holdings Limited, Hong Kong	0.07	0.07
	Vivimed Lab USA Inc. USA	246.98	246.98
	Vivimed Labs Mauritius Limited	460.41	460.41
	Yantra Green Power (P) Ltd	25	25
	Vivimed Speciality Chemicals (P) Ltd	0.1	0.1
	Vivimed Life sciences (P) Ltd	0.1	

2. SALES,PURCHASES AND LOANS & ADVANCES

Party Name	Nature	As on 01.04.2016		During the Year		As on 31.03.2017	
		Debit	Credit	Debit	Credit	Debit	Credit
			-		-	-	-
FinosoPharma Private Liimited	Purchases	-	0.38		-	-	0.38
Vivimed Lab USA Inc. USA	Sales	613.68	-	318.11	98.21	931.79	98.21
	L&A	-	89.96	-		-	89.96
	Purchases	-	80.12	-	1.91	-	82.02
Vivimed Labs Europe	Sales	718.74	-	551.88	238.39	1,270.62	238.39
Vivimed Labs Mauritius Limited	L&A	125.78	-	12.5	-	138.28	-
Vivimed Labs Spain USL	L&A	-	219.35	-	7.79	-	227.14
Union QuimicoFarmaceutica SAU, Spain	L&A	-	17.21		68.66	-	85.87
	Sales	22.63	-	76.34	10.76	98.97	10.76
	Purchases	-	27.7	32.31	29.28	32.31	56.98
BBR Projects	L&A	13.7		10.85		24.55	-
Yantra Green Power	Purchases	-	6.26	31.41	27.08	31.41	33.34
Kreative Hosts Atria Pvt. ltd.	Purchases	-	1.15	-	0.1	-	1.26

3. Directors Remuneration

₹ in Mn

	Dr. V Manohar Rao	6	6
	Subhash Varalwar	6	6
	Santosh Varalwar	6	6
	Sandeep Varalwar	6	6
	S Raghunandan	5	5
	PV Rathnam	0.3	0.3

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

38. CONTINGENT LIABILITIES:

₹ in Mn

Particulars		As at 31-03-2017	As at 31-03-2016
Letter of Credit	Foreign LC's	-	-
	Inland LC's	59.84	37.44
	Axis Bank – SBLC	713.22	729.66
Bank Guarantee	State Bank of Hyderabad, Balanagar Branch, Hyderabad.	9.61	9.46

i) Income Tax Demand (Disputed Liability) amounting to ₹12,54,19,707/- for various Assessment Years.

39. CONTINGENT LIABILITY ON ACCOUNT OF CORPORATE GUARANTEES:

₹ in Mn

Name of the Subsidiary	Details of the Lender	As at 31-03-2017	As at 31-03-2016
M/s Vivimed Labs (Alathur) Private Limited	SBH Overseas Branch, Somajiguda	-	140
Vivimed Labs Europe Limited, UK.	State Bank of India, London Branch	300.45	300.45
Vivimed Labs Mauritius	Axis Bank Ltd	671.00	671.00
Vivimed Labs Spain S.L.	EXIM Bank	-	1073.00
Vivimed Labs USA Inc.,	ICICI Bank, USA	132.48	132.48
Finoso Pharma Pvt Ltd	SBH, Hyderabad	45.00	45.00
Klarsehen Pvt Limited	SBH	-	500
Yantra Green Power (P) Ltd.	Bank of India	311.90	311.90

40. Amount of delayed outstanding dues to Micro and Small Enterprise as per MSME Development Act, 2006, could not be ascertained at the end of the Financial Year.

41. FOREX EXCHANGE INFLOW/ OUTFLOW

Particular	Nature of Currency	Year 2016-2017		Year 2015-16	
		Amount in Foreign Currency in Millions	₹ In Million	Amount in Foreign Currency in Millions	₹ In Million
INFLOW					
On Export of Goods	USD	9.09	599.03	8.92	570.85
	Euro	0.39	43.82	2.31	166.58
	GBP	-	-	-	-
Foreign Company Term Loan & Interest	USD	2.15	143.87	0.78	51.26
	Euro	-	-	-	-
	GBP	-	-	-	-
Working Capital	USD	0.70	47.89	5.60	369.00
OUTFLOW					
Raw Material & Capital Goods	USD	2.15	139.77	4.34	289.11
	Euro	0.03	2.39	0.18	12.88
	GBP	0.00	0.05	0.00	0.20
Travelling	USD	0.05	2.41	0.03	2.03
	Euro	0.00	0.43	0.03	2.27
Foreign Company & Term Loan & Interest	USD	2.41	161.15	10.22	676.59
Others(Analytical Charges, Legal Opinion charges, Registration charges , Commission etc)	USD	-	-	0.01	0.48
	Euro	-	-	0.06	4.14
Bank charges	USD	0.00	0.16	0.01	1.00
	Euro	0.00	0.02	0.00	0.07
Working Capital	USD	7.46	504.27	5.60	369.00
	Euro	0.14	10.71	0.00	0.07

NOTES TO FINANCIAL STATEMENTS for the Year ended 31st March, 2017

42. EARNINGS PER SHARE:

₹ in Millions

Particulars		2016-2017	2015-16
Net profit after tax		1326.79	81.28
Weighted Average Numbers of shares	Nos.	81018915	16203783
Basic EPS	(₹)	16.38	5.02
Diluted EPS	(₹)	15.89	4.87

43. Confirmation letters for verification of closing balances of debtors and creditors were sent to the respective parties. However response for the same has not been received.

44. Consequent to the approval of High Courts of Karnataka & Bombay, the following subsidiaries have been amalgamated into Vivimed Labs Limited only for the financial year 2016-2017.

- Creative Health Care Private Limited
- Octtantis Nobel Labs Private Limited
- Klar Sehen Private Limited
- Vivimed Labs (Alathur) Private Limited

As per the scheme of amalgamation the effective date of amalgamation is 01/04/2014.

45. THE DETAILS OF BTA ENTERED WITH CLARIANT INDIA FOR DIVESTING A PART OF SPECHEM BUSINESS

Vivimed Labs Limited (VLL) which is engaged in the manufacture of various Speciality Chemicals, Dyes and API intermediates under its Chemical segment has entered into an Business Transfer Agreement with M/s CLARIANT INDIA LIMITED (CIL) to transfer one of its Manufacturing units located at Bonthapally, Medak District for a consideration of ₹380 Crores. As per the agreement CIL would acquire as a slump sale on a going concern basis all the Assets located at Bonthapally along with the technical knowhow for the products manufactured.

Further there is an adjusting amount of ₹29 Crores which is reduced from the total consideration due to shortfall of networking capital transfer and changes in specification/ capacity of infrastructure originally envisaged by Vivimed labs Limited.

The Slump sale is recognised in the last quarter of the current financial year and ₹163.00 Crores of net consideration has been taken into operating turnover of the Company.

46. THE DETAILS OF BTA ENTERED WITH ORDAIN HEALTH CARE FOR DIVESTING A PART OF PHARMA BUSINESS INCLUDING THE BRANDS

- BTA was entered into with Ordain Health care in April'2016 on a slump sale basis divesting brands and business of Klarsehen private limited for a consideration of ₹73.00 Crores.
- The amount of ₹73.00 Cr was recognized as operating income in Q3 of the F.Y.2016- 17.
- Out of ₹73.00 Crores an amount of ₹30.00 Crore was shown in spechem and rest ₹43.00 Crores was shown under pharma.
- The commission payable for an amount of ₹6.00 Crore was shown in Administrative exp in Q3 of the F.Y.2016- 17.

47. Previous year's numbers have been regrouped, rearranged, re-casted, wherever necessary to confirm to Current Year Classification.

48. The numbers have been rounded off to the nearest rupees.

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
27.05.2017

For Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Sd/-
Ramesh Challa
Chief Financial Officer

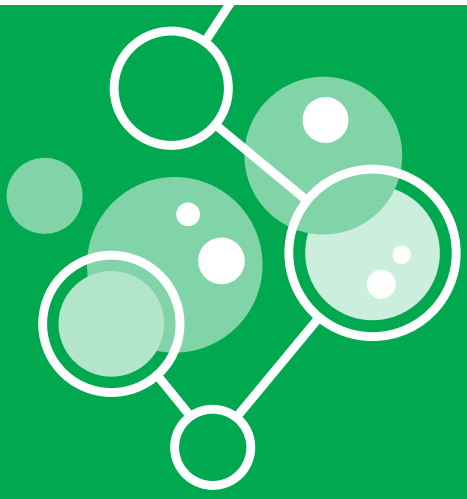
Sd/-
Yugandhar Kopparthi
Company Secretary

Annexure – A

Segment Reporting

₹ in Mn

Sl.No	Particulars	Speciality Chemicals		Pharmaceuticals		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
1	REVENUE						
	External Turnover	3,203.03	2,411.34	2,495.35	782.60	5,698.38	3,193.94
	Inter Segment Turnover	-	NIL	-		NIL	NIL
	TOTAL REVENUE	**3,203.03**	**2,411.34**	**2,495.35**	**782.60**	**5,698.38**	**3,193.94**
2	RESULTS						
	Operating Profit	1,939.70	586.53	386.80	77.62	2,326.51	664.15
	Interest Expenses	422.75	493.31	112.75	67.28	535.50	560.59
	Interest Income	0.10	5.30	23.31	4.54	23.41	9.84
	Profit Before Tax	1,517.06	98.52	297.36	14.88	1,814.42	113.40
	Current Tax	386.40	20.48	94.81	1.74	481.21	22.23
	Deferred Tax	4.23	9.89	2.19	-	6.42	9.89
	Profit After Tax	**1,126.42**	**68.15**	**200.37**	**13.13**	**1,326.79**	**81.28**
3	OTHER INFORMATION						
	Segment Assets	9,569.92	12,583.90	4,072.99	1,069.95	13,642.91	13,653.84
	Unallocated Corporate Assets				-	-	-
	Total Assets	9,569.92	12,583.90	4,072.99	1,069.95	13,642.91	13,653.84
	Segment Liabilities	7,109.67	9,672.53	1,042.08	274.34	8,151.76	9,946.87
	Unallocated Corporate Liabilities		-		-	-	-
	Total Liabilities	7,109.67	9,672.53	1,042.08	274.34	8,151.76	9,946.87
	Capital Employed	7,755.00	8,288.69	3,887.39	3,870.81	11,642.40	12,159.50
	Capital Expenditure - Net	140.52	60.04	379.92	9.60	520.44	69.64
	Depreciation	136.18	155.46	121.44	20.58	257.62	176.03
	Non cash EXP.Other than Depreciation	10.70	11.89	37.56	-	48.27	11.89



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT on Consolidated Financial Statements

To the Members
Vivimed Labs Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Vivimed Labs Limited ("the Holding Company"), and its subsidiaries, together referred to as " the Group" comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ' the consolidated financial statements')

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the Company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made there under including the accounting standards and matters which are required to be included in audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements that give a true and fair view. In order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31st March 2017, their consolidated profit and their consolidated cash flows for the 7year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 purpose of our audit of the aforesaid consolidated financial statements;

   b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books;

   c) the Consolidated Balance Sheet, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in

agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated financial statements;

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

e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary/joint venture companies incorporated in India, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in ' Annexure A'; and

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

i. The consolidated financial statement has disclosed the pending litigations which could have impact on its financial position.

ii. The Holding company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary companies incorporated in India.

iv. The Company has provided requisite disclosures in its Financial Statements (Note No. 30) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books maintained by the Company.

Other Matter

We did not audit the financial statements of twelve (12) Subsidiary Companies which are included in the consolidated year to date results, whose consolidated financial statements reflect total assets of ₹23,87,70,09,325/- as at 31st March, 2017 as well as the total revenue of ₹9,26,64,95,274/- as at 31st March, 2017. These include financial statements and other financial information which has been prepared by the management of respective companies and were furnished to us, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies is solely based on such financial statements / financial information received from Management.

For **P. Murali & CO.**
Partner
Firm Registration No: 007257S

Sd/-
P. Murali Mohana Rao
Chartered Accountants
M.No. 023412

Place: Hyderabad
Date: 27th May, 2017

Annexure A to the Independent Auditor's Report

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

In conjunction with our Audit of the consolidated financial statements of the company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Vivimed Labs Limited ('the Holding company') and its subsidiary companies which are incorporated in India, as of the date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control 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 these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, 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 principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acqusition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation 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 my occur and not be deducted. 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 in adequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, The Holding Company and its subsidiary/ joint venture companies, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

For **P. Murali & CO.**
Partner
Firm Registration No: 007257S

Sd/-
P. Murali Mohana Rao
Chartered Accountants
M.No. 023412

Place: Hyderabad
Date: 27th May, 2017

Balance Sheet as at 31st March, 2017

(₹ in millions)

Particulars	Note No	As at 31.03.2017	As at 31-03-2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1		
(i) Equity Share Capital		162.04	162.04
(ii) Preference Share Capital		-	639.46
(b) Reserves and Surplus	2	7,076.93	5,050.03
(c) Money Received against Share Warrants			
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	4,526.96	2,572.69
(b) Defferred Tax Liabilities (Net)	4	96.35	106.99
(c) Other Long Term Liabilities	5	598.07	2,895.65
(d) Long Term Provisions	6	36.28	35.73
(3) Current Liabilities			
(a) Short-Term Borrowings	7	3,764.07	4,077.60
(b) Trade Payables	8	1,524.10	1,667.40
(c) Other Current Liabilities	9	1,862.50	2,858.54
(d) Short-Term Provisions	10	1,007.92	370.56
Total		**20,655.22**	**20,436.68**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	11	6,528.76	7,149.09
(ii) Intangible Assets	11	2,265.29	992.59
(iii) Capital Work-In-Progress	11	761.26	941.69
(b) Non-Current Investments	12	25.20	26.89
(c) Other Non-Current Assets	13	2.32	0.44
(2) Current Assets			
(a) Inventories	14	4,839.68	4,907.97
(b) Trade Receivables	15	2,021.43	3,262.41
(c) Cash and Bank Balances	16	554.73	309.58
(d) Short-Term Loans and Advances	17	3,565.31	2,728.77
(e) Other Current Assets	18	91.24	117.25
Total		**20,655.22**	**20,436.68**

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
27.05.2017

For Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Sd/-
Ramesh Challa
Chief Financial Officer

Sd/-
Yugandhar Kopparthi
Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in millions)

Particulars	Note No	For period Ended 31.03.2017	For the Year Ended 31.03.2016
Revenue:			
Revenue from Operations	19	14,619.11	13,456.30
Other Income	20	80.50	108.10
Total		**14,699.62**	**13,564.40**
Expenses:			
Cost of Materials Consumed	21	5,658.31	6,096.92
Changes in Inventories (Finished goods and WIP)	22	(295.46)	143.56
Employee Benefit Expenses	23	1,893.43	1,769.42
Other Operating Expenses	24	2,072.25	2,055.65
Administrative Expenses	25	1,173.47	1,069.92
Financial Costs	26	655.18	815.66
Depreciation and Amortization Expenses	11	582.77	613.93
Total		**11,739.96**	**12,565.07**
Profit Before Tax		2,959.65	999.32
Tax Expense:			
(a) Current tax		740.95	161.16
(b) Deferred tax		1.27	1.43
(c) MAT Credit			
Profit After Tax		2,217.44	836.73
Earning Per Equity Share:			
(1) Basic		27.37	51.64
(2) Diluted		26.55	50.09

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
27.05.2017

For Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Sd/-
Ramesh Challa
Chief Financial Officer

Sd/-
Yugandhar Kopparthi
Company Secretary

Cash Flow Statement as at 31st March, 2017

(₹ in millions)

Particulars	31.03.2017	31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	2,959.66	999.32
Add : Adjustment for		
– Depreciation & Amortization Expenses	547.59	613.93
– Amortization Expenses	29.37	-
– Financing Charges	221.14	398.54
– Prior Period Adj & Dep to Retained Earnings	(129.78)	6.92
Operating Profit before Working Capital Changes	3,627.98	2,018.72
Working Capital changes		
Add / (Less) : (Increase) / Decrease in		
– Trade Receivables	739.66	(357.92)
– Inventories	68.30	(593.64)
– Loans, Advances & Deposits (Long Term & Short Term)	(3,366.24)	280.85
– Other Current Assets	4.39	45.79
– Trade Payables	450.01	366.80
– Other Current Liabilities	(71.07)	(69.72)
– Short term Provisions	(115.50)	(149.64)
– Direct Taxes Paid		-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1,337.53**	**1,541.22**
B. CASH FLOW FROM INVESTING ACTIVITIES		
– Proceeds from Fixed Assets	116.87	(587.02)
– (Increase) / Decrease in Miscellaneous Expenditure	(56.86)	(791.28)
– (Increase) / Decrease in Investments	(1,704.43)	(525.93)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(1,644.43)**	**(1,904.23)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
– Long Term Borrowings	1,954.27	(1,171.00)
– Short term Borrowings	(313.52)	(2.69)
– Other Long Term Liabilities	(763.23)	1,291.80
– Share Premium/General Reserve & Others	325.86	307.70
– Preference Share Capital & Pending allotment Money	0.01	1,200.43
– Long Term Provisions	0.55	13.92
– Interest paid	(221.14)	(398.54)
– Dividend Paid	(39.47)	(116.65)
– Foreign Exchange Fluctuation	(391.28)	(719.10)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**552.05**	**405.87**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**245.15**	**42.87**
Opening Cash and Equivalents	309.57	266.71
Closing Cash and Equivalents	554.72	309.58

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
27.05.2017

For Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Sd/-
Ramesh Challa
Chief Financial Officer

Sd/-
Yugandhar Kopparthi
Company Secretary

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note : 01 SHARE CAPITAL *₹ in Millions*

S.No.	Particulars	As at 31.03.2017	31.03.2016
a	**Equity Share Capital**		
	(a) Authorised		
	(No. of Shares 20,00,00,000- Current Year @ ₹2/-)		
	(No. of Shares 4,00,00,000- Previous Year @ ₹10/-)	400.00	400.00
	(b) Issued		
	(No. of Shares 8,10,18,915 Current Year @ ₹2/-))		
	(No. of Shares 1,62,03,783 Previous Year @ ₹10/-))	162.04	162.04
	(c) Subscribed & Fully Paid Up		
	(No. of Shares 8,10,18,915Current Year @ ₹2/-))		
	(No. of Shares 1,62,03,783 Previous Year @ ₹10/-))	162.04	162.04
	(d) Subscribed & not fully paid up		-
	(e) Par Value per share ₹2/-		
	Total Equity Share capital	**162.04**	**162.04**
b	**Preference Share Capital**		
	1 Authorised		
	(a) Vivimed Labs Limited India		
	(No. of Shares 7,10,000- Current Year)	710.00	710.00
	(No. of Shares 7,10,000- Previous Year)		
	(b) Vivimed Labs Mauritius Ltd - WOFS		639.46
	(No. of Shares -1,25,00,000 - Current Year @ US $1/- each)		
	(No of Shares - 1,25,00,000 - Previous Year)		
	2 Issued		
	(a) Vivimed Labs Limited India		
	(No. of Shares - NIL Current Year)		-
	(No. of Shares NIL- Previous Year)		
	(b) Vivimed Labs Mauritius Ltd - WOFS		639.46
	(No. of Shares 1,25,00,000- Current Year @ US $ 1/- each)		
	(No of Shares - 1,25,00,000 - Previous Year)		
	3 Subscribed & Fully Paid Up		
	(a) Vivimed Labs Limited India		
	(No. of Shares - NIL - Current Year)		-
	(No of shares 6,70,000 Previous year - Converted into 21,26,984 equity shares on 22.03.2013)		
	(b)Vivimed Labs Mauritius Ltd - WOFS		
	(No.of Shares - 1,25,00,000 -Current Year)		
	(No.of Shares - 1,31,70,000 - Previous Year)		639.46
	(d) Subscribed & not fully paid up		-
	(e) Par Value per share ₹1000/- each & US $1/- each		
	Total Preference Share capital	-	**639.46**
	Total Share Capital (Equity & preferance)	**162.04**	**801.50**

(Contd. on next page)

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

(Contd. from previous page)

S.No.	Particulars	As at 31.03.2017	31.03.2016
c	Reconcilation of the number of shares outstanding at the beginning and at the end of the reporting period:		
	Warrants converted into shares		-
	CCPS Converted into Equity shares		
	Issued during the year - Other than cash		-
	Forfeited / Bought Back during the year		
d	Preference Shares of ₹1000/- Each, Fully paid up		
	At the Beginning		
	Issued during the year - Cash Issue		
	At the end	-	-
e	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding	
	Equity Shares of ₹2/- each Held By		
	Nylim Jacob BallasIndis Fund III, LLC - No. Of Shares (CY- Nil) (PY 2126984)	0	13.13%
	BBR Projects Pvt Ltd - No. Of Shares (CY 12482165) (PY 2296433)	15.04%	14.17%
	KITARA PIIN 1102 - No. Of Shares (C.Y 9150685), (PY 1830137)	11.29%	11.29%
	Santosh Varalwar - No. Of Shares (C.Y 6099050) (PY 1219810)	7.53%	7.53%

Note : 02 RESERVES AND SURPLUS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	RESERVES AND SURPLUS		
	a) Capital Reserve	8.57	8.57
	b) Securities Premium Reserve		
	Opening Balance	1,766.60	1,766.60
	Add: Additions during the year		
	Security Premium Reserve at the End of the Year	1,766.60	1,766.60
	c) Revaluation Reserve	380.00	10.00
	d) Capital Subsidy	3.00	3.00
	e) General Reserve		
	Opening Balance	141.16	141.16
	Add: Additions during the year		0.00
	General Reserve at the End of the Year	141.16	141.16
	f) Profit & Loss Account :		
	Opening Balance	4,571.47	3,785.02
	Add: Profit for the Year	2,217.44	836.73
	Less :Transfer To General Reserve		
	Other Reserves	-	
	Prior period adjustment	129.79	50.28
		6,659.12	4,571.47
	Proposed Dividend		-
	Equity Shares Capital	32.79	
	Preference Share Capital	0	
	Dividend Tax	6.68	
		6,619.65	4,571.47
	g) Foreign Currency Translation Reserve	(1,842.06)	(1,450.77)
	Total	**7,076.93**	**5,050.03**

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note : 03 LONG TERM BORROWINGS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Long Term Borrowings		
	a) Secured - Refer Note No.3(a)		
	Term Loans From Banks	670.61	835.32
	Term Loans From Financial Institutions	742.05	1,232.18
		1,412.66	2,067.50
	b) Unsecured		
	FCCB's From Financial Institutions	567.34	497.50
	OLYMPUS CAPITAL - VL UK	2,539	
	Other Loans	8.30	7.70
	Note No.3(a): Term Loans secured and considered good from State Bank of Hyderabad, State Bank of India, Axis Bank, Exim Bank & International Finance Corporation are secured by first pari passu charge on all the present and future fixed assets both movable and immovable properties of the company.		
	Total	**4,526.96**	**2,572.69**

Note : 04 DEFERRED TAX LIABILITY

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
	Deferred Tax Liability/ (Asset) - Net	96.35	106.99

Note : 05 OTHER LONG TERM LIABILITIES

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
	a) Deferred Payment Liabilities and Others	598.07	2,895.65
	Total	**598.07**	**2,895.65**

Note : 06 LONG TERM PROVISIONS

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	a) Provisions for Employee Benefits	32.25	31.69
	b) Deffered Payment Laibiliteies	4.04	4.04
	Total	**36.28**	**35.73**

Note : 07 SHORT TERM PROVISIONS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Short Term Borrowings		
	Working Capital Loans from Banks - Refer Note No.7(a)		
	- Secured & Considered Good		
	a) Cash Credit & Packing Credit	3,732.18	3,960.31
	b) Foreign Bills Discounting	-	84.03
	c) Others	31.90	33.25
	Note No. 7(a): All the Working Capital loans from State Bank of Hyderabad, Bank of Bahrain & Kuwait, State Bank of India & Exim Bank, BBVA, Bank Sabadell, ICICI Bank, Santander Bank, Axis Bank, Yes Bank, UCO Bank & SBI London are secured by pari passu first charge on all the Current Assets and second charge on all Fixed Assets of the company both present & future.		
	Total	**3,764.07**	**4,077.60**

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note : 08 TRADE PAYABLES

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Trade Payables		
	Creditors for Supplies, Services & Others	1,524.10	1,667.40
	Total	**1,524.10**	**1,667.40**

Note : 09 OTHER CURRENT LIABILITIES

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Current Maturities of Long Term Debt & others	1,862.50	2,858.54
	Total	**1,862.50**	**2,858.54**

Note : 10 SHORT TERM PROVISIONS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	a) Provision for employee benefits	40.33	22.14
	b) Provision for Income Tax	769.92	267.19
	c) Provision for Expenses	197.67	81.23
	Total	**1,007.92**	**370.56**

Note : 11 FIXED ASSETS & DEPRECIATION SCHEDULE

₹ in Millions

Sl. No.	Particulars	Gross Block					Rate of Dep	Depreciation Block						Net Block	Net Block
		As at 01.04.2016	Additions till 31.03.2017	Capitalised during the year	Sale / Deletions during the year	As on 31.03.2017		As at 01.04.2016	Dep for FY 17	Amt to be charged to retained earnings	Dep & Amt to be charged to retained earnings	Sale or Deletions	Total Depreciation	Net Block as on 31.03.2017	Net Block as on 01.04.2016
		a	b	c	d	e=a+b-c-d		f	g	h	i=g+h	j	k=f+i-j	l=e-k	m=a-f
1	Free Hold Land	1,288.36	370.00		93.46	1,564.90		25.17					25.17	1,539.73	1,263.19
2	Lease Hold Land	5.10				5.10		0.07	0.00		0.00		0.08	5.03	5.03
3	Building	2,109.28	77.13		253.70	1,932.71		472.54	72.30		72.30	51.70	493.14	1,439.56	1,636.73
4	Plant & Machinery	10,777.15	369.71		767.61	10,379.25		6,811.24	402.55		402.55	150.45	7,063.34	3,315.91	3,965.91
5	Electrical Equipment	110.93			13.03	97.90		63.93	4.11		4.11	3.61	64.42	33.48	47.00
6	Laboratory Equipment	218.89	3.01		15.27	206.63		103.54	10.82		10.82	3.75	110.61	96.02	115.35
7	Office Equipment	33.98	0.84		0.45	34.38		20.56	1.38		1.38	0.13	21.81	12.57	13.42
8	Computers	339.76	11.97		1.36	350.37		308.73	18.21		18.21	0.67	326.27	24.10	31.03
9	Furniture	203.39	3.76		8.66	198.48		153.92	9.10		9.10	3.81	159.21	39.27	49.47
10	Vehicle	74.42	7.54		0	81.95		53.80	6.18		6.18	0.01	59.97	21.98	20.61
11	Books & Periodicals	0.04				0.04		0.02	0.00		0.00		0.02	0.02	0.02
12	Data Processing Equipment	3.54				3.54		2.21	0.22		0.22		2.43	1.11	1.33
13	Lease hold Improvements	2.45				2.45		2.45			-		2.45	-	-
	Sub Total (a)	**15,167.28**	**843.95**		**- 1,153.55**	**14,857.69**		**8,018.19**	**524.87**		**- 524.87**	**214.13**	**8,328.93**	**6,528.76**	**7,149.09**
12	Capital Work in Progress	941.69	357.61	538.04		761.26		-	-		-		-	761.26	941.69
	Sub Total (b)	**941.69**	**357.61**	**538.04**	**-**	**761.26**		**-**	**-**	**-**	**-**	**-**	**-**	**761.26**	**941.69**
13	Intangibles	1,466.01	1,330.82		0.21	2,796.62		473.42	57.91		57.91	0.00	531.32	2,265.30	992.59
	Sub Total (c)	1,466.01	1,330.82	-	0.21	2,796.62		473.42	57.91	-	57.91	0.00	531.32	2,265.30	992.59
	Total (a+b+c)	**17,574.98**	**2,532.38**	**538.04**	**1,153.76**	**18,415.57**	**-**	**8,491.61**	**582.77**	**-**	**582.77**	**214.13**	**8,860.25**	**9,555.31**	**9,083.37**

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note : 12 NON-CURRENT INVESTMENTS

₹ in Millions

S.No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Non- Current Investments		
	1) Investment in Subsidiaries	25.20	26.89
	a) Equity Shares		
	Investment in Mutual Funds & National Savings Certificates		
	Total	**25.20**	**26.89**

Note : 13 OTHER NON-CURRENT ASSETS

₹ in Millions

S. No.	Particulars	Non Current	
		As at 31.03.2017	As at 31.03.2016
I	Preliminary expenses	2.32	0.44
	Total	**2.32**	**0.44**

Note : 14 INVENTORIES

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Inventories :		
	(a) Loose Tools & Equipment		
	(b) Raw Materials	2,484.42	2,655.52
	(c) Packing Materials	114.07	63.50
	(d) Work in Process & Intermediates	779.10	709.39
	(e) Finished Goods	1,697.79	1,590.60
	(f) Goods - in - Transit & Stock in Provisions	(235.70)	(111.04)
	Total	**4,839.68**	**4,907.97**

Note : 15 TRADE RECEIVABLES

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Other Receivables:		
	Unsecured, Considered Good	2,021.44	3,262.41
	Total	**2,021.44**	**3,262.41**

Note : 16 CASH AND BANK BALANCES

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Cash and cash eqivalents :		
	a) Balances with banks :		
	1) On Current Accounts	533.57	307.15
	b) Cash on hand	21.16	2.43
	Total	**554.73**	**309.58**

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note : 17 SHORT TERM LOANS AND ADVANCES

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	Advances:		
	Unsecured, Considered Good		
	Advances to Suppliers for Capital Goods	28.06	25.21
II	Deposits	433.93	536.72
III	Others	3,103.32	2,166.84
	Total	**3,565.31**	**2,728.77**

Note : 18 OTHER CURRENT ASSETS

₹ in Millions

S. No.	Particulars	As at 31.03.2017	As at 31.03.2016
I	MAT Receivable	80.60	59.31
II	Others	10.65	57.94
	Total	**91.24**	**117.25**

Note : 19 REVENUE FROM OPERATIONS

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Revenue from Operations		
	(a) Sale of Products		
	Domestic	4,381.21	4,340.04
	Export	7,867.87	9,114.29
	(b) Other Operating Revenues	2,370.03	1.97
		14,619.11	13,456.30
	Total	**14,619.11**	**13,456.30**

Note : 20 OTHER INCOME

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Interest on Bank Fixed Deposits		
	Interest received on Electricity Deposits		
	Dividend income from current investments		
	Loss on Sale of Current Investments		
	Industrial Promotion Assistance		
I	Other Miscellaneous Income	80.50	108.10
	Interest on Intercompany Loans		
	Total	**80.50**	**108.10**

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note : 21 COST OF MATERIALS CONSUMED

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Opening Stock of Raw Materials and Consumables	2,655.52	1,932.38
	Opening Stock of Packing Materials	63.50	93.22
	Add : Purchases during the year	5,537.79	6,790.34
		8,256.81	8,815.94
	Less : Closing Stock of Raw Materials and Consumables	2,484.42	2,655.52
	Less : Closing Stock of Packing Materials	114.07	63.50
	Total	**5,658.31**	**6,096.92**

Note : 22 CHANGES IN INVENTORIES & WIP.

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Finished Goods		
	Opening Stock	1,590.60	1,652.09
	Less : Closing Stock	1,697.79	1,590.60
	Sub Total (A)	**(107.19)**	**61.49**
	Semi Finished Goods & Work in Progress		
	Opening Stock	709.39	653.43
	Less : Closing Stock	779.10	709.39
	Less : Goods in Transit		-
	Sub Total (B)	**(69.70)**	**(55.96)**
	Goods in Transit		
	Opening Stock	13.05	1.92
	Less : Closing Stock	-	13.05
	Sub Total (B)	**13.05**	**(11.13)**
	Stock in Trade	9.25	75.16
	Fluctuation in Foreing Exchange	(140.86)	74.01
	(Increase) / Decrease in Inventories (A+B)	**(295.46)**	**143.56**

Note : 23 EMPLOYEE BENEFIT EXPENSES

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	(a) Salaries & Wages & Bonus	1,833.26	1,729.82
	(b) Staff Welfare Expenses	60.17	39.60
	Total	**1,893.43**	**1,769.42**

Note : 24 OTHER OPERATING EXPENSES

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Consumption of Stores & Spares	156.83	171.15
	Power & Fuel	347.85	382.58
	Wages & Allowances	21.67	30.06
	Labour Charges	152.40	153.84
	Repairs to Building	7.12	8.25
	Repairs to Machinery	212.92	206.29
	Other Manufacturing Expenses	451.30	453.04
	Job Work Charges	10.47	22.23
	R & D Expenses	711.69	628.22
	Wages & Allowances		
	Labour Charges		
	Total	**2,072.25**	**2,055.65**

Note : 25 ADMINISTRATIVE EXPENSES

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	Business & Marketing Expenses	45.73	98.95
	Commission & Discounts	74.07	77.43
	Travelling Expenses - Foreign	37.64	45.87
	Freight Outward		
	Other Selling Expenses	34.10	32.19
	Printing & Stationery	9.39	13.79
	Telephone & Postage Expenses	27.36	27.03
	Travelling Expenses	45.99	34.74
	Rates & Taxes	63.67	73.16
	Conveyance	7.19	32.40
	Consultancy Charges	145.17	149.45
	Directors' Sitting Fee	1.31	1.15
	Loss on Buy Back of FCCB		
	Insurance	49.19	47.55
	Rent	42.46	49.41
	Other Administrative Expenses	493.76	456.85
	Other Borrowing Costs & Bank charges	19.15	20.84
	Processing Fee on Term Loans	26.20	16.05
	Fluctuation on Foreign exchange	34.90	(128.19)
	Payment to Auditors:		
	(i) As Auditor	13.93	18.13
	(ii) For Taxation Matters	2.26	3.09
	Total	**1,173.47**	**1,069.92**

Note : 26 FINANCE COST

₹ in Millions

S.No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
I	(a) Interest Expenses		
	- Interest on Cash Credit	402.64	417.12
	- Interest on Term Loans	202.66	298.30
	- Interest on Vehicle Loan	4.65	3.00
	- Interest on ECB Loan & Others	45.23	97.25
	Total Finance Cost	**655.18**	**815.66**

Note : 27 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956,shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act,1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

1. **Accounting Convention and Revenue Recognition:**

   The Financial Statements have been prepared on a going concern basis in accordance with historical cost convention except for such fixed assets which are revalued. Both Income and Expenditure are recognized on accrual basis.

   Sales are accounted Net of Excise Duty, Taxes and Sales Returns. Other Items of Revenue are recognized in accordance with AS-9.

2. **Cash Flow Statement: AS-3**

   The Company has prepared Cash Flow Statement as per the AS-3.

   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 flows from operating, investing and financing activities of the group are segregated.

3. **Retirements Benefits:**

   Staff benefits arising out of retirements / death, comprising of contributions to Provident Fund, Superannuation & Gratuity Schemes, accrued Leave Encashment and other post–separation benefits are accounted for on the basis of an independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

4. **Accounting for Fixed Assets:**

   Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of Fixed Assets where they are stated at revalued amount, as contained in AS-10. Capital Work-in-Progress includes cost of Fixed Assets under installation, any unallocated

expenditure and Interest during construction period on loans taken to finance the Fixed Assets.

5. **Accounting for Depreciation:**

   i) Depreciation on Fixed Assets is provided on straight-line method.

   ii) Effective 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Act, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

6. **Accounting for Government Grants:**

   Government Grants / Subsidies are accounted in accordance with AS-12.

7. **Accounting for Investments:**

   Long term investments are stated at cost. However, provision for diminution is made to recognise any decline, other than temporary, in the value of long term investments. Current Investments are stated at the lower of cost and fair value.

8. **Accounting for Intangible Assets:**

   Intangible assets are capitalized at cost if :

   a) It is probable that the future economic benefits that are attributable to the asset will flow to the company;

   b) The company will have control over the assets;

   c) The cost of these assets can be measured reliably and is more than 10,000/- & this is in accordance with AS-26.

   d) Expenditure on Research and Development:

   (i) Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.

   (ii) Revenue Expenditure on research including the expenditure during the research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

9. **Transactions in Foreign Exchange:**

   Sales / Purchases and revenue incomes / expenses in foreign currency are booked at the exchange rate prevailing on the date of transaction. Gain / Loss arising out of fluctuations in exchange based on the rate on date of realization is accounted for in the Profit and Loss Account as per AS-11.

   Foreign Currency Monetary assets and liabilities are translated at year end exchange rates.

   Foreign currency loans covered by forward contracts are realigned at the forward contract rates while those not covered by forward contracts are realigned at the rate prevailing at the year end.

   Non monitory assets and liabilities are translated at the rate prevailing on the date of transaction and foreign exchange fluctuation gain or loss raised on account of translation of non monitory items like long term loans and advances are accumulated in a reserve account (FCMITDA).

10. **Accounting for Borrowing Costs:**

    Borrowing cost relating to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing costs that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for capitalisation, are charged to revenue.

11. **Accounting & Valuation for Inventories:**

    a) Materials, Stores & Spares, Tools and Consumables are valued at Cost or Market Value, whichever is lower, on the basis of First In First Out method reflecting the fairest possible approximation to the cost incurred in bringing the items of Inventory to their present location and condition.

    b) Finished Stock of completed products is valued at lower of Cost or Net Realisable Value on the basis of actual identified units.

    c) Scrap is valued at Net Realisable Value.

    d) Work in process in respect of activities is valued at estimated cost.

    e) Shuttering and Tools is valued at amortised Cost, spread over a period of three years.

12. **Accounting for Taxes on Income:**

    a) Provision for tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.

    b) Deferred tax resulting from timing differences between the book and the tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation

laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date

13. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event;

b) A probable outflow of resources is expected to settle the obligation; and

c) The amount of the obligation can be reliably estimated.

d) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;

b) A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

14. Earnings per Share:

The earnings considered in ascertaining the companies earning per share comprise net profit after tax and includes the post tax effect of any extra-ordinary/exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

15. Accounting for Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired.

Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of carrying amount over the higher of the asset's net sale price or present value as determined above.

16. Related Party Disclosures:

The Company as required by AS-18 furnishes the details of Related Party Disclosures in the notes to financial statements.

Note : 28 EQUITY SHARE CAPITAL AND COMPULSORY CONVERTIBLE PREFERENCE SHARES

During the FY 2016-2017 there was no issue of shares. The Company has passed shareholders resolution on 25-02-2016 for subdivision of Equity Capital 1 (One) equity share of face value of ₹10/- Each into 5 (Five) Equity shares of ₹2 Each.

Note : 29 BENEFITS (GRATUITY & EARNED LEAVE ENCASHMENT)

₹ in Millions

The details of the Company's post – retirement benefit plans for its employees including whole-time directors are given below which are certified by an Independent Actuary.

a) Amounts recognized in the Balance Sheet as at 31-03-2017:

S.No	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Present value of obligation as at the end of the year	19.73	22.29	5.37	5.46
2	Value of fund as at the year end				-
3	Funded status	(19.73)	(22.29)	(5.37)	(5.46)
4	Unrecognised actuarial gain/losses				-
5	Net asset/liability recognised in Balance Sheet	(19.73)	(22.29)	(5.37)	(5.46)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2017

S.No	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Current Service Cost	2.24	2.62	(0.08)	(0.51)
2	Interest Cost	1.76	1.56	0.43	0.46
3	Net actuarial gain/ loss recognised in the year	(6.33)	(1.42)	3.52	(0.46)
4	Expenses recognised in Profit & Loss Account	(2.33)	2.76	6.98	(0.50)

c) Present value of Obligation for the year ended 31-03-2017:

S.No	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Present Value of the obligation as at the beginning of the year	22.29	20.10	5.46	5.96
2	Interest Cost	1.76	1.56	0.43	0.46
3	Service Cost	2.23	2.62	(0.08)	(0.51)
4	Benefits Paid	(0.23)	(0.57)	(0.78)	-
5	Actuarial gain/loss on obligations	(6.33)	(1.43)	0.35	(0.46)
6	Present Value of the obligation as at the end of the year	19.73	22.29	5.37	5.46
	a. Current Liability	4.14	4.60	5.37	5.46
	b. Non-Current Liability	15.59	17.69	-	-

d) Actuarial (Gain) / Loss recognised during the year:

S.No	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Actuarial (gain)/Loss for the year-Obligation	6.33	1.43	(3.52)	0.46
2	Total (Gain)/Loss for the year	(6.33)	(1.43)	3.52	(0.46)
3	Actuarial (gain)/ loss recognised in the year	(6.33)	(1.43)	3.52	(0.46)

e) Assumptions:

Assumptions made for the purpose of Gratuity & Leave Encashment valuation for the year ended 31-03-2017:

S.No	Particulars	Gratuity		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Discount Rate	7.52%	7.90%	7.52%	7.90%
2	Rate of increase in Compensation Levels	2%	2%	2%	2%
3	Rate of Return on plan assets	0%	0%	0%	0%
4	Expected average remaining working lives of employees (years)	23 Yrs	22Yrs	23 Yrs	22Yrs

Sick Leave Encashment

a) Amounts recognized in the Balance Sheet as at 31-03-2017:

S.No	Particulars	31-03-2017	31-03-2016
1	Present value of obligation as at the end of the year	2.81	2.14
2	Fair value of plan provisions as at the end of the year	-	-
3	Funded status	(2.81)	(2.14)
4	Unrecognised actuarial gain/losses	-	-
5	Net asset/liability recognised in Balance Sheet	(2.81)	(2.14)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2017

S.No	Particulars	31-03-2017	31-03-2016
1	Current Service Cost	0.67	2.14
2	Interest Cost	0.16	-
3	Net actuarial gain/ loss recognised in the year	(0.16)	-
4	Expenses recognised in Profit & Loss Account	0.67	2.14

Note : 30 DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD FROM 8TH NOVEMBER, 2016 TO 30TH DECEMBER, 2016

₹ in Millions

	SBNs	Other denomination Notes	Breakup of other denominations		Total
Closing cash in hand as on 08.11.2016	7,000	8,000	1,000	7	
			100	80	15,000
(+) Permitted receipts (Cash withdrawals)		11,26,100	100	11,261	11,26,100
(-) Permitted payments	7000	2,40,000	1000	7	
			100	2,400	2,47,000
(-) Amount deposited in Banks		7000	100	70	7,000
Closing cash in hand as on 30.12.2016	-		100	8,871	8,87,100

Note : 31 TREATMENT OF CAPITAL WORK IN PROGRESS

Capital Work in Progress includes Cost of Land under acquisition and Plant, Machinery & Equipments under installation.

Note : 32 DETAILED INFORMATION REGARDING QUANTITATIVE PARTICULARS UNDER PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013:

i) Quantitative information with regard to

Licensed Capacity and & Installed Capacity per annum

Sl. No.	Item	UOM	Quantity
1	Speciality Chemicals	MT	5347
2	Capsules	Million	775
3	Tablets	Million	2080
4	Lotions	KL	8305
5	Ointments	MT	1335
6	Small Volume Parenterals	KL	592
7	Liquids	KL	3500
8	Sachets	MT	63

Note : 33 PRODUCTION DATA

Sl. No.	Items	UOM	Quantity	
			2016-17	2015-16
1	Speciality Chemicals	MT	2762.86	3892.12
2	Capsules	Million	8.5	11.23
3	Tablets	Million	1247.28	814.80
4	Lotions	KL	1852.84	1860.63
5	Ointments	MT	240.18	155.81
6	Liquids	KL	4168.48	-
7	Sachets	MT	9.88	9.38
8	Small Volume Parenterals	KL	581.71	570.82

Note : 34 SALES DATA

₹ in Millions

Product	UOM	Qty.		Value (Million)	
		2016-2017	2015-2016	2016-2017	2015-2016
Specialty Chemicals	MT	2,775.07	3,780.89	3,203.03	2,411.34
Capsules	Million	11.27	23.93	15.37	17.30
Tablets	Million	1,227.23	807.28	842.47	256.36
Lotions	KL	2,024.59	1,493.80	489.96	197.44
Ointments	MT	210.83	10.75	157.49	0.91
Liquids	KL	4,185.98	-	473.45	
Small Volume Parenterals	KL	587.5	572.00	511.51	300.13
Others	MT	-	0.05	-	0.91
Sachets	MT	9.88	69.48	5.10	9.54
Total				**5,698.38**	**3,193.93**

Note : 35 OPENING & CLOSING STOCK OF FINISHED GOODS AS AT 31-03-2017

₹ in Millions

Product	UOM	Opening Stock		Closing Stock	
		Quantity	Value (Millions)	Quantity	Value (Millions)
Specialty Chemicals	MT	397.74	669.62	385.59	699.05
Capsules	Million	4.72	5.27	1.95	1.25
Tablets	Million	8.70	54.04	28.75	20.12
Lotions	KL	405.39	115.31	233.64	10.71
Ointments	MT	150.84	2.30	180.19	2.95
Liquids	KL	-	-	4.96	1.46
Small Volume Parentals	KL	5.90	4.92	0.11	0.1
Total			851.47		735.64

Note : 36 OPENING & CLOSING STOCK OF FINISHED GOODS AS AT 31-03-2017

₹ in Millions

Sl. No.	Particulars	2016-17		2015-16	
		₹ Millions	% of Consumption	₹ Millions	% of Consumption
1	Indigenous	786.11	86.36%	857.95	80.99%
2	Imported	124.14	13.64%	201.40	19.01%

Note : 36 RELATED PARTY DISCLOSURES: ACCOUNTING STANDARD 18

		List of Related Parties and Relationships	Country of Incorporation
(i)		**Holding Company**	
		Vivimed Labs Limited	India
(ii)		**Subsidiary Companies**	
	1	Finoso Pharma Private Limited	India
	2	Vivimed Holdings Limited, Hong Kong	Hongkong
	3	Vivimed Labs Europe Limited, UK	United Kingdom
	4	Vivimed Lab USA Inc. USA	USA
	5	Vivimed Labs Spain SL	Spain
	6	Union Quimico Farmaceutica SAU, Spain	Spain
	7	Uquifa Mexico S A de C.V	Mexico
	8	Vivimed Labs Mauritius Limited	Mauritius
	9	Holiday International Limited	UK
	10	Vivimed Labs UK Limited	UK
	11	Vivimed Specialty Chemicals	India
	12	Vivimed Life sciences	India
(iii)		**Enterprises in which key Management Personnel have significant Influence**	
	1	BBR Projects Pvt Ltd	India
	2	Kreative Hosts Atria Pvt. ltd.	India
	3	Yantra Green Power Pvt Ltd	India
	4	Nisarg Life sciences Pvt Ltd	India

Key Management Personnel

Sl. No.	Name	Position
1	Dr. V Manohar Rao	Executive Chairman
2	Subhash Varalwar	Executive Vice Chairman
3	Santosh Varalwar	CEO & Managing Director
4	Sandeep Varalwar	Director
5	S Raghunandan	Director

Note : 37 TRANSACTIONS WITH RELATED PARTIES

₹ in Millions

	Nature of Transactions	2016-17 ₹ (Millions)	2015-16 ₹ (Millions)
1	**Investment in**		
	Octanttis Nobel Labs Pvt Limited, India	0	23
	Creative Health Care Private Limited, India	0	25
	KlarSehen Private Limited, India	0	200
	Finoso Pharma Private Liimited	100	100
	Vivimed Alathur Private Limited	0	1,220
	Vivimed Holdings Limited, Hong Kong	0.07	0.07
	Vivimed Lab USA Inc. USA	246.98	246.98
	Vivimed Labs Mauritius Limited	460.41	460.41
	Yantra Green Power	25	25
	Vivimed Speciality Chemicals	0.1	0.1
	Vivimed Life sciences	0.1	

2. Sales, Purchases and Loans & Advances

Party Name	Nature	As on 01.04.2016		During the Year		As on 31.03.2017	
		Debit	Credit	Debit	Credit	Debit	Credit
Finoso Pharma Private Liimited	Purchases	-	0.38		-	-	0.38
Vivimed Lab USA Inc. USA	Sales	613.68	-	318.11	98.21	931.79	98.21
Vivimed Labs Europe	L&A	-	89.96	-		-	89.96
	Purchases	-	80.12	-	1.91	-	82.02
	Sales	718.74	-	551.88	238.39	1,270.62	238.39
Vivimed Labs Mauritius Limited	L&A	125.78	-	12.5	-	138.28	-
Vivimed Labs Spain USL	L&A	-	219.35	-	7.79	-	227.14
Union Quimico Farmaceutica SAU, Spain	L&A	-	17.21	-	68.66	-	85.87
	Sales	22.63	-	76.34	10.76	98.97	10.76
BBR Projects	Purchases	-	27.7	32.31	29.28	32.31	56.98
	L&A	13.7		10.85		24.55	-
Yantra Green Power	Purchases	-	6.26	31.41	27.08	31.41	33.34
Kreative Hosts Atria Pvt. ltd.	Purchases	-	1.15	-	0.1	-	1.26

3. Directors Remuneration

Dr. V Manohar Rao	6	6
Subhash Varalwar	6	6
Santosh Varalwar	6	6
Sandeep Varalwar	6	6
S Raghunandan	5	5
PV Rathnam	0.3	0.3

Note : 39 CONTINGENT LIABILITIES

₹ in Millions

Particulars		As at 31-03-2017	As at 31-03-2016
Letter of Credit	Foreign LC's	-	-
	Inland LC's	59.84	37.44
	Axis Bank – SBLC	713.22	729.66
Bank Guarantee	State Bank of Hyderabad, Balanagar Branch, Hyderabad.	9.61	9.46

i) Income Tax Demand (Disputed Liability) amounting to ₹12,54,19,707/- for various Assessment Years

Note : 40 CONTINGENT LIABILITY ON ACCOUNT OF CORPORATE GUARANTEES

₹ in Millions

Name of the Subsidiary	Details of the Lender	As at 31-03-2017	As at 31-03-2016
M/s Vivimed Labs (Alathur) Private Limited	SBH Overseas Branch, Somajiguda	-	140
Vivimed Labs Europe Limited, UK.	State Bank of India, London Branch	300.45	300.45
Vivimed Labs Mauritius	Axis Bank Ltd	671.00	671.00
Vivimed Labs Spain S.L.	EXIM Bank	-	1073.00
Vivimed Labs USA Inc.,	ICICI Bank, USA	132.48	132.48
Finoso Pharma Pvt Ltd	SBH, Hyderabad	45.00	45.00
Klarsehen Pvt Limited	SBH	-	500

Note : 41

Amount of delayed outstanding dues to Micro and Small Enterprise as per MSME Development Act, 2006, could not be ascertained at the end of the Financial Year.

Note : 42 FOREX EXCHANGE INFLOW/ OUTFLOW

₹ in Millions

Particular	Nature of Currency	Year 2016-2017		Year 2015-16	
		Amount in Foreign Currency in Millions	₹ In Million	Amount in Foreign Currency in Millions	₹ In Million
INFLOW					
On Export of Goods	USD	9.09	599.03	8.92	570.85
	Euro	0.39	43.82	2.31	166.58
	GBP	-	-	-	
Foreign Company Term Loan & Interest	USD	2.15	143.87	0.78	51.26
	Euro	-		-	-
	GBP	-	-	-	-
Working Capital	USD	0.70	47.89	5.60	369.00
OUTFLOW					
Raw Material & Capital Goods	USD	2.15	139.77	4.34	289.11
	Euro	0.03	2.39	0.18	12.88
Travelling	GBP	0.00	0.05	0.00	0.20
	USD	0.05	2.41	0.03	2.03
	Euro	0.00	0.43	0.03	2.27
Foreign Company & Term Loan & Interest	USD	2.41	161.15	10.22	676.59
Others(Analytical Charges, Legal Opinion charges, Registration charges , Commission etc)	USD	-	-	0.01	0.48
	Euro	-	-	0.06	4.14
Bank charges	USD	0.00	0.16	0.01	1.00
	Euro	0.00	0.02	0.00	0.07
Working Capital	USD	7.46	504.27	5.60	369.00
	Euro	0.14	10.71	0.00	0.07

Note : 43 EARNINGS PER SHARE

₹ in Millions

Particulars	2016-2017	2015-16
Net profit after tax	2,217.44	836.73
Weighted Average Numbers of shares Nos.	81,018,915	16,203,783
Basic EPS (₹)	27.37	51.64
Diluted EPS (₹)	26.55	50.09

Note : 44

Confirmation letters for verification of closing balances of debtors and creditors were sent to the respective parties. However response for the same has not been received.

Note : 45

Consequent to the approval of High Courts of Karnataka & Bombay, the following subsidiaries have been amalgamated into Vivimed Labs Limited only for the financial year 2016-2017.

- Creative Health Care Private Limited
- Octtantis Nobel Labs Private Limited
- Klar Sehen Private Limited
- Vivimed Labs (Alathur) Private Limited

As per the scheme of amalgamation the effective date of amalgamation is 01/04/2014.

Note : 46 THE DETAILS OF BTA ENTERED WITH CLARIANT INDIA FOR DIVESTING A PART OF SPECHEM BUSINESS.

Vivimed Labs Limited (VLL) which is engaged in the manufacture of various Speciality Chemicals, Dyes and API intermediates under its Chemical segment has entered into an Business Transfer Agreement with M/s CLARIANT INDIA LIMITED (CIL) to transfer one of its Manufacturing units located at Bonthapally, Medak District for a consideration of ₹380 Crores. As per the agreement CIL would acquire as a slump sale on a going concern basis all the Assets located at Bonthapally along with the technical knowhow for the products manufactured.

Further there is an adjusting amount of ₹29 Crores which is reduced from the total consideration due to shortfall of networking capital transfer and changes in specification/ capacity of infrastructure originally envisaged by Vivimed labs Limited.

The Slump sale is recognised in the last quarter of the current financial year and ₹163.00 Crores of net consideration has been taken into operating turnover of the Company.

Note : 47 47THE DETAILS OF BTA ENTERED WITH ORDAIN HEALTH CARE FOR DIVESTING A PART OF PHARMA BUSINESS INCLUDING THE BRANDS

- BTA was entered into with Ordain Health care in April' 2016 on a slump sale basis divesting brands and business of Klarsehen private limited for a consideration of ₹73.00 Crores.
- The amount of ₹73.00 Cr was recognized as operating income in Q3 of the F.Y.2016- 17.
- Out of ₹73.00 Crores an amount of ₹30.00 Crore was shown in spechem and rest ₹43.00 Crores was shown under pharma.
- The commission payable for an amount of ₹6.00 Crore was shown in Administrative exp in Q3 of the F.Y.2016- 17.

Note : 48

Previous year's numbers have been regrouped, rearranged, re-casted, wherever necessary to confirm to Current Year Classification.

Note : 49

The numbers have been rounded off to the nearest rupees.

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

For Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Sd/-
Ramesh Challa
Chief Financial Officer

Sd/-
Yugandhar Kopparthi
Company Secretary

Place : Hyderabad
27.05.2017

Annexure - A

Segment Information

Primary Segment Information

Sl. No	Particulars	Speciality Chemicals		Pharmaceuticals		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
1	REVENUE						
	External Turnover	4,515.28	3,714.14	10,103.83	9,742.16	14,619.11	13,456.30
	Inter Segment Turnover	NIL	NIL		NIL	NIL	NIL
	TOTAL REVENUE	**4,515.28**	**3,714.14**	**10,103.83**	**9,742.16**	**14,619.11**	**13,456.30**
2	RESULTS						
	Operating Profit	2,158.19	663.28	1,376.14	1,043.61	3,534.33	1,706.89
	Interest Expenses	434.45	507.61	220.72	308.05	655.18	815.66
	Interest Income	12.88	16.40	67.62	91.70	80.50	108.10
	Profit Before Tax	1,736.62	172.07	1,223.03	827.26	2,959.66	999.33
	Current Tax	434.69	55.99	306.26	105.17	740.95	161.16
	Deferred Tax	4.23	9.89	(2.96)	(8.46)	1.27	1.43
	Profit After Tax	**1,297.70**	**106.19**	**919.74**	**730.55**	**2,217.44**	**836.74**
3	OTHER INFORMATION						
	Segment Assets	11,573.18	11,559.25	9,082.04	8,877.43	20,655.23	20,436.68
	Unallocated Corporate Assets		-			-	-
	Total Assets	**11,573.18**	**11,559.25**	**9,082.04**	**8,877.43**	**20,655.23**	**20,436.68**
	Segment Liabilities	6,784.53	9,029.53	6,631.72	5,555.63	13,416.26	14,585.16
	Unallocated Corporate Liabilities		-		-	-	-
	Total Liabilities	**6,784.53**	**9,029.53**	**6,631.72**	**5,555.63**	**13,416.26**	**14,585.16**
	Capital Employed	9,911.42	8,453.96	6,349.28	7,086.23	16,260.71	15,540.19
	Capital Expenditure - Net	9.16	313.52	834.79	904.05	843.95	1,217.57
	Depreciation	156.71	156.65	368.15	402.97	524.87	559.62
	Non cash Exp. Other than Depreciation	57.91	24.52	-	29.79	57.91	54.31

NOTICE

Vivimed Labs Limited
CIN: L02411KA1988PLC009465
Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka - 585403
Corporate office: North End, Road No. 2, Banjara Hill, Hyderabad - 500034
Tel: 91-40-6608 6608, **Fax:** 91-40-6608 6699,
E-mail: Yugandhar.Kopparthi@vivimedlabs.com

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF VIVIMED LABS LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 29TH, 2017 AT 11.30 A.M. AT PLOT NO.78-A, KOLHAR INDUSTRIAL AREA, BIDAR- 585403 KARNATAKA, INDIA TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the Standalone Balance Sheet as at March 31, 2017, Statement of Profit and Loss for the Financial Year ended on March 31, 2017, Cash Flow Statement for the Financial Year ended March 31, 2017 and reports of Directors and Auditors thereon.

2. To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2017, Statement of Profit and Loss for the Financial Year ended on March 31, 2017, Cash Flow Statement for the Financial Year ended March 31, 2017 and Report of Auditors thereon.

3. To declare dividend on the equity shares for the financial year 2016-17.

4. To appoint a Director in place of Mr. Sandeep Varalwar [DIN:01682951], who retires by rotation and, being eligible, offers himself for re-appointment

5. To appoint a Director in place of Mr. S. Raghunandan [DIN:02029812], who retires by rotation and, being eligible, offers himself for re-appointment

6. To appoint Statutory Auditors and fix their remuneration

   To consider and, if thought fit, with or without modification,to pass the following resolution as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014 and other applicable provisions, if any, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. Chandra Babu Naidu & Co., Chartered Accountants, (ICAI Firm Registration No.016016S), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from conclusion of 29th Annual General Meeting till conclusion of 30th Annual General Meeting.

   RESOLVED FURTHER THAT the Board of Directors [the Board] or Audit Committee thereof, be and is hereby authorised to decide and finalize the terms and conditions of appointment, including the remuneration to the Statutory Auditors."

Special Business:

7. **To ratify the remuneration payable to M/s. A.S.Rao & Co, Cost Accountants to audit the cost records for the financial year ending 31st March 2018.**

   To consider and, if thought fit, with or without modification,to pass the following resolution as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s)or re-enactment(s) thereof for the time being in force) M/s. A.S. Rao & Co, Cost Accountants (Firm Registration No.000326) appointed as the Cost Auditors of the Company for conducting audit of the cost records, if required, for the financial year ending 31st March, 2018, be paid remuneration not exceeding ₹1.1 lacs (Rupees One lac Ten thousand only) excluding GST and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit.

   RESOLVED FURTHER THAT the Board of Directors and/ or the Company Secretary be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

8. **Approval of Vivimed Labs Limited - Employees Stock Option Plan 2017 (ESOP 2017)**

   To consider and, if thought fit, to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and Rules framed there under, the Memorandum and Articles of Association of the Company,

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations"), issued by the Securities and Exchange Board of India ("SEBI") and subject to such other approvals, permissions and sanctions as may be necessary from time to time and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and is hereby accorded respectively to the 'Vivimed Labs Limited - Employees Stock Option Plan 2017' (hereinafter referred to as the "ESOP 2017") and to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration / Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of options, to the permanent employees including Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), whether whole-time or otherwise, whether working in India or out of India, as may be decided solely by the Board under the Plan, exercisable into not more than 25,00,000 (Twenty Five Lacs) Options, each Option giving the right but not the obligation to the holder to subscribe for cash to one fully paid-up Equity Share in the Company, of face value of ₹2/- each, directly by the Company and at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the ESOP 2017 and in due compliance with the applicable laws and regulations in force."

"FURTHER RESOLVED THAT the Board and any committee formed for this purpose be and is hereby authorised to issue and allot Equity Shares upon exercise of options by Employee from time to time in accordance with the ESOP 2017 and other applicable laws in force and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"FURTHER RESOLVED THAT the number of options that may be granted to any employee including any Director of the Company (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), in any financial year and in aggregate under the ESOP 2017 shall be lesser than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company."

"FURTHER RESOLVED THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid 25,00,000 (Twenty Five Lacs) of Equity Shares shall be deemed to be increased in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment."

"FURTHER RESOLVED THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the options Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹2/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"FURTHER RESOLVED THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2017 and do all other things incidental and ancillary thereof."

"FURTHER RESOLVED THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2017."

"FURTHER RESOLVED THAT any of the Directors of the Company or Company Secretary of the Company be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2017 on the Stock Exchanges, where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations."

"FURTHER RESOLVED THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including

authorizing or directing the Nomination and Remuneration Committee to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2017 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

9. **Grant of options to the employees of the Subsidiary Company(ies) of the Company under Employees Stock Option Plan 2017 (ESOP 2017)**

To consider and, if thought fit, to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION:**

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed there under, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") issued by the Securities and Exchange Board of India ("SEBI") and subject to such other approvals, permissions and sanctions as may be necessary from time to time and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration/ Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of options to the permanent employees including the Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) whether whole time or otherwise, whether working in India or out of India of any existing and future Subsidiary Company(ies) of the Company whether in or outside India, as may be decided solely by the Board under the Vivimed Labs Limited – Employees Stock Option Plan 2017 (hereinafter referred to as the "ESOP 2017"), exercisable into not more than the overall ceiling limit of 25,00,000 (Twenty Five Lacs) Options, each Option giving the right but not the obligation to the holder to subscribe for cash to one fully paid-up Equity Share in the Company, of face value of ₹2/- each, as mentioned in resolution 8 above, directly by the Company and at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations in force."

FURTHER RESOLVED THAT the Board and any committee formed for this purpose be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the ESOP 2017 and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company."

FURTHER RESOLVED THAT the number of options that may be granted to any employee including any Director of the Subsidiary Company(ies) (not an independent director), in any financial year and in aggregate under the ESOP 2017 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company."

FURTHER RESOLVED THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Eq of shares to be allotted and the price of acquisition payable by the Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹2/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

FURTHER RESOLVED THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2017 and do all other things incidental and ancillary thereof."

FURTHER RESOLVED THAT the Company shall conform to

the accounting policies prescribed from time to time under the SEBI (SBEB) Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2017."

FURTHER RESOLVED THAT any of the Directors of the Company, or Company Secretary of the Company be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2017 on the Stock Exchanges, where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations."

FURTHER RESOLVED THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorizing or directing the Nomination and Remuneration Committee to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2017 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

By order of the Board
for Vivimed Labs Limited

Sd/-
K. Yugandhar
Company Secretary

Place: Hyderabad
Date: 31.08.2017

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) OF THE COMPANY MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Annual General Meeting. Proxies submitted on behalf of companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital carrying voting rights may appoint single person as a proxy and such person shall not act as proxy for any other member.

2. During the period beginning 24 hours before the time fixed for the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.

3. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.

4. Corporate members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the Board Resolution together with their specimen signatures authorizing their representative(s) to attend and vote on their behalf at the AGM to the Company's Registrar and Transfer Agent, Aarthi Consultants Pvt. Ltd, Registered Office: 1-2-285,Domalaguda,Hyderabad-500029 by not less than forty-eight (48) hours before commencement of the AGM.

5. A route map showing directions to reach the venue of the 29th AGM is given along with this Annual Report as per the requirement of the "Secretarial Standards - 2" on General Meetings.

6. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.

7. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.

8. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the AGM. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be

available for inspection by the members at the AGM. The Register of Contracts or Agreements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

9. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, September 23, 2017 to Friday, September 29, 2017 [both days inclusive].**

10. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund [IEPF] on the respective dates mentioned there against pursuant to the provisions of section 125 of the Companies Act, 2013 and the Rules made thereunder.

Accounting Year ended	Date of declaration of dividend	Dividend payment %	Expected date of dividend transfer of unpaid dividend to IEPF Account
March 31, 2010	18 Sep 2010	15%	18 Sep 2017
March 31, 2011	30 Sep 2011	20%	30 Sep 2018
March 31, 2012	27 Sep 2012	30%	27 Sep 2019
March 31, 2013	30 Sep 2013	30%	30 Sep 2020
March 31, 2014	30 Sep 2014	30%	30 Sep 2021
March 31, 2017	29 Sep 2017	20%	29 Sep 2024

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with the Companies] Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 28th Annual General Meeting held on September 30th, 2016 on its website: www.vivimedlabs.com and on the website of Ministry of Corporate Affairs www.mca.gov.in

11. Electronic copy of the Notice convening the 29th AGM of the Company, Annual Report along with the Attendance Slip and Proxy Form are being sent to the members who have registered their email ids with the Company / Depository Participant(s). For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode.

12. Members who have not registered their email address so far are requested to register their email ids for receiving all communications including Annual Report, Notices, etc., from the Company electronically.

13. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 herein after referred to as 'Listing Regulations' (including any statutory modification(s) and / or re-enactment(s) for the time being in force), the members are provided with the following alternatives by which they may cast their votes:

(i) By electronic means through the remote e-voting platform provided by CDSL. The process for voting through e-voting is annexed hereto. The remote e-voting period will commence from 9:00 a.m. on Tuesday, September 26, 2017 and ends at 5:00 p.m. on Thursday, September 28, 2017. During this period, members of the Company holding shares either in physical or dematerialized form, as on the cut-off date, i.e. Friday, September 22, 2017, may cast their vote by remote e-voting. The remote e-voting module will be disabled by CDSL for voting thereafter.

(ii) Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr N.V.S.S. Suryanarayana Rao, Practicing Company Secretary (Membership No.5868, CP No.2886), at the Corporate Office of the Company not later than by 5.00 p.m. on Thursday, September 28, 2017. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, September 22, 2017 have the option to request for physical copy of the Ballot Form by sending an e-mail to yugandhar.kopparthi@vivimedlabs.com or info@aarthiconultants.com by mentioning their Folio / DP ID and Client ID No. Ballot Forms received after 5.00 p.m. on Thursday, September 28, 2017 will be treated as invalid. A member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a member casts vote by both modes, voting done through remote e-voting shall prevail and Ballot shall be treated as invalid. The facility for voting shall be made available at the AGM through polling paper and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

14. Members who have cast their votes by remote e-voting or by Ballot Form prior to the AGM may also attend the Meeting but they shall not be entitled to cast their vote again.

15. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the Company as on the cut-off date i.e. Friday, September 22, 2017.

16. The Securities Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Aarthi Consultants Pvt Ltd.

17. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No.SH-13 duly filled in to Aarthi Consultants Pvt Ltd, Company's R&T Agent. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

18. Information required under Regulation 36(3) of the Listing Regulations (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under:

Name of the Director	**Mr. Sandeep Varalwar**
Age	48 years
Date of Appointment on the Board	23/01/2008
Brief resume and nature of expertise in functional areas	Mr. Sandeep Varalwar, aged 48 years has completed his Graduation in B.Pharmacy. After completion of graduation, he gained more than two decades of rich experience in manufacturing and marketing divisions of Pharma industry. He is the main strength behind the growth of Pharma division of the Company and took an active role in VVS Pharmaceuticals and Chemicals Pvt. Ltd. After the VVS merger with Vivimed Labs Limited, Mr. Sandeep Varalwar is appointed as a whole time Director on the Board of Vivimed Labs Limited.
Directorships held in other public Companies (excluding foreign and private Companies)	**Other Directorships:** Nil
Memberships / Chairmanships of Committees across public Companies	**Committee Memberships:** Audit Committee of Vivimed Labs Limited
Shareholding of Director	30,60,965 equity shares of ₹2/- each
Inter-se relationships between Directors	1.Son of Mr. Manohar Rao Varalwar, 2.Brother of Mr. Santosh Varalwar 3.Brothers son of Mr. Subhash Varalwar
Name of the Director	**Mr. S. Raghunandan**
Age	56 years
Date of Appointment on the Board	23/01/2008
Brief resume and nature of expertise in functional areas	Mr. S. Raghunandan aged 56 years is a Science Post Graduate, he began his career with Chandra Pharmaceuticals, at that time the largest producer of Ibuprofen in India and worked there handling various aspects of production. He joined Vivimed as Head of production at Bidar Plant and subsequently rose to the position of Director- Operations. His association with the Company is now of more than 23 years.
Directorships held in other public Companies (excluding foreign and private Companies)	**Other Directorships :** NIL
Memberships / Chairmanships of Committees across public Companies	**Committee Memberships:** Audit Committee of Vivimed Labs Limited
Shareholding of Director	3,17,500 equity shares of ₹2/- each
Inter-se relationships between Directors	NIL

19. **Voting through electronic means:**

a. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Companies Act, 2013 read with the Companies [Management and Administration] Rules, 2014, Standard 2 of the Secretarial Standards on General Meetings and in compliance with Regulation 44 of the Listing Regulations, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited (CDSL) to facilitate the members to cast their votes from a place other than venue of the AGM [remote e-voting]. The facility for voting shall be made available at the AGM through polling paper and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

b. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of remote e-voting or voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only. The Notice will be displayed on the website of the Company www.vivimedlabs.com and on the website of CDSL www.cdslindia.com. The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again. The Members whose names appear in the Register of Members / List of Beneficial Owners as on Friday, September 22, 2017 i.e. the date prior to commencement of book closure date are entitled to vote on Resolutions set forth in the Notice. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut-off date may approach the Company for issuance of the USER ID and Password for exercising their right to vote by electronic means.

c. The Company has appointed Mr. N.V.S.S. Suryanarayana Rao, Practicing Company Secretary (Membership No.5868, CP No.2886) as Scrutinizer for conducting the remote e- voting and voting process at the AGM in a fair and transparent manner.

d. The instructions for shareholders voting electronically are as under:

i. The voting period begins on the Tuesday, September 26, 2017 at 9.00 a.m. (IST) and ends on the Thursday, September 28, 2017 at 5.00 p.m. (IST) during this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 22, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. The Shareholders should log on to the e-voting website 'www.evotingindia.com'

iii. Click on Shareholders.

iv. Now Enter your User ID

a. For CDSL:16digits beneficiary ID,

b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,

c. Members holding shares in physical form should enter Folio Number registered with the Company.

v. Next enter the Image Verification as displayed and Click on Login.

vi. If you are holding shares in demat form and had logged onto www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat Share holders as well as physical Shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8-digits of the sequence number in the PAN field. • In case the sequence number is less than 8-digits enter the applicable number of "0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
DOB	Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.

xi. Click on the EVSN for the Company Name on which you choose to vote.

xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii. Click on the "RESOLUTIONS FILELINK" if you wish to view the entire Resolution details.

xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii. **Note for Non-Individual Shareholders and Custodians**

- Non-Individual Shareholder (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.7:

The Board of Directors at its meeting held on August 31, 2017, on the recommendations of the Audit Committee, had approved the re-appointment of M/s. A.S.Rao & Co, Cost Accountants (Firm Registration No.000326), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending 31st March, 2018, at a remuneration not exceeding ₹1.1 lacs (Rupees One lac Ten thousand only) excluding GST and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to Cost Auditor shall be ratified by the members of the Company.

Accordingly, consent of the members is sought for approving the Ordinary Resolution as set out at Item No.7 for ratification of remuneration payable to the Cost Auditor for conducting the audit of the cost records of the Company, if required, for the financial year ending 31st March, 2018.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed Ordinary Resolution as set out at Item No.7 of the Notice, except to the extent of their shareholding, if any, in the Company.

The Board recommends the Ordinary Resolution as set out at Item No.7 of the Notice for approval by the members.

Item Nos. 8 and 9:

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables

alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation scheme/plan. Your Company believes in rewarding its employees including Directors of the Company as well as that of the Subsidiary Company(ies) for their continuous hard work, dedication and support, which has led the Company and the Subsidiary Company(ies) on the growth path. The Company intends to implement the Vivimed Labs Limited – Employees Stock Option Plan 2017 (ESOP 2017), with a view to attract and retain key talents working with the Company and its Subsidiary Company(ies) by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, (SEBI (SBEB) Regulations), the Company seeks members, approval in respect of ESOP 2017 and grant of options to the eligible employees/ Directors of the Company and that of its Subsidiary Company(ies) as decided by the Nomination and Remuneration Committee from time to time in due compliance of the SEBI (SBEB) Regulations.

The main features of the ESOP 2017 are as under:

1. **Brief Description of the Scheme(s):**
   This proposed Scheme called the Vivimed Labs Limited – Employees Stock Option Plan 2017 (ESOP 2017) is intended to reward the Eligible Employees of the Company and its Subsidiary Company(ies) in India and abroad, for their performance and to motivate them to contribute to the growth and profitability of the Company. Your Company also intends to use this Scheme to retain talent in the organization as it views options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

   The Company in terms of the said Regulations contemplates to enable the implementation of ESOP 2017 by dealing in/ acquiring Equity Shares directly from the Company ("Primary Shares").

2. **Total number of options to be granted:**
   Such number of options would be available for grant to the eligible employees of the Company and eligible employees of the Subsidiary Company(ies) under ESOP 2017, in one or more tranches exercisable into not exceeding more than 25,00,000 (Twenty Five Lacs) Equity Shares in the Company of face value of ₹2/- each fully paid-up.

   Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2017, within overall ceiling.

   The SEBI (SBEB) Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are required to be issued pursuant to any corporate action, the above ceiling of Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued subject to compliance of the SEBI (SBEB) Regulations,.

3. **Identification of classes of employees entitled to participate in ESOP 2017:**
   Following classes of employees are entitled to participate in ESOP 2017:
   a) Permanent employees of the Company working in India or out of India;
   b) Directors of the Company; and
   c) Permanent employees and Directors of the Subsidiary Company(ies).

   Following persons are not eligible:
   a) an employee who is a Promoter or belongs to the Promoter Group;
   b) a Director who either by himself or through his relatives or through any Body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
   c) an Independent Director within the meaning of the Companies Act, 2013.

4. **Requirements of vesting and period of vesting:**
   The options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year.

   The vesting dates in respect of the options granted under the Scheme may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee.

   Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting. Vesting/lock-in period and the vesting may occur in tranches or otherwise.

5. **Maximum period within which the options shall be vested:**
   Options granted under ESOP 2017 would vest subject to maximum period of 5 (five) years from the date of grant of such options.

6. **Exercise price or pricing formula:**
   The Exercise Price shall be equal to ₹35/- (Rupees Thirty five only) per option or any other price as may be decided by the Nomination and Remuneration Committee.

7. **Exercise period and the process of Exercise:**
   The options granted may be exercised by the Grantee at any time within the period determined by the Nomination and Remuneration Committee from time to time.

The Vested options shall be exercisable by the employees by a written application to the Company expressing his/ her desire to exercise such options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The options shall lapse if not exercised within the specified exercise period.

8. **Appraisal process for determining the eligibility of employees under ESOP 2017:**
The appraisal process for determining the eligibility of the employees will be decided by the Nomination and Remuneration/ Compensation Committee from time to time.

9. **Maximum number of options to be issued per employee and in aggregate:**
The number of options that may be granted to any specific employee of the Company or of its Subsidiary Company under ESOP 2017, in any financial year and in aggregate under the ESOP 2017 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

10. **Maximum Quantum of benefits to be provided per employee under the ESOP 2017:**
The Maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the Market Price of the shares as on the date of sale of shares arising out of Exercise of options.

11. **Route of Scheme implementation:**
The Scheme shall be implemented and administered directly by the Company.

12. **Source of Shares:**
The Scheme contemplates new Issue of Shares by the Company ("Primary Shares").

13. **The amount of loan provided for implementation of the Scheme by the Company to the Trust, its tenure, utilisation, repayment terms etc.:**
Company is not providing any loan for ESOP 2017 purpose, as Company is directly implementing the plan.

14. **Maximum percentage of Secondary Acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purchase under the scheme:**
This is not relevant under the present scheme.

15. **Accounting and Disclosure Policies:**
The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

16. **Method of Valuation:**
To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earnings per Share (EPS) of the company shall also be disclosed in the Board report.

Consent of the members is being sought by way of Special Resolutions pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the ESOP 2017 is available for inspection at the Company's Registered / Corporate Office on all working days (excluding Saturday, Sunday and Holidays) till the date of the Annual General Meeting. The Directors and Key Managerial Personnel of the Company may be deemed to be concerned or interested in these Resolutions only to the extent of any Stock Options that may be granted to them and the resultant equity shares issued, as applicable.

By order of the Board
for Vivimed Labs Limited

Sd/-
K. Yugandhar
Company Secretary

Place: Hyderabad
Date: 31.08.2017

Vivimed

Vivimed Labs Limited

CIN: L02411KA1988PLC009465

Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka - 585403

BALLOT FORM

1. Name(s) and Registered Address of the Sole / First named Member : _____
2. Name(s) of Joint Holder(s), if any : _____
3. Registered Folio Number / DP ID No. and Client ID No. (Applicable to investors holding shares in dematerialised form) : _____
4. Number of shares held : _____
5. REVEN / Sequence number (Remote e-Voting Event Number) : _____
6. User-ID : _____
7. Password : _____
8. I/We hereby exercise my/our vote(s) in respect of the Resolutions enumerated below by recording, my/ our assent or dissent to the said Resolutions by placing the tick (√) mark in the appropriate box below:

Sr. No.	Particulars	No. of Shares held	FOR	AGAINST
			I/We assent to the Resolutions	I/We dissent to the Resolutions
Ordinary Business:				
1	To receive, consider and adopt the Stand alone Balance Sheet as at March 31, 2017, Statement of Profit and Loss for the Financial Year ended on March 31, 2017, Cash Flow Statement for the Financial Year ended March 31, 2017 and reports of Directors and Auditors thereon.			
2	To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2017, Statement of Profit and Loss for the Financial Year ended on March 31, 2017, Cash Flow Statement for the Financial Year ended March 31, 2017 and Report of Auditors thereon.			
3	To declare dividend on the equity shares for the financial year 2016-17			
4	To appoint a Director in place of Mr. Sandeep Varalwar, who retires by rotation and being eligible offers himself for re-appointment			
5	To appoint a Director in place of Mr. S. Raghunandan, who retires by rotation and being eligible offers himself for re-appointment			
6	To appoint Statutory Auditors and fix their remuneration			
Special Business:				
7	To ratify the remuneration payable to M/s. A.S.Rao & Co, Cost Accountants to audit the cost records for the financial year ending 31st March 2018.			
8	Approval of Vivimed Labs Limited - Employees Stock Option Plan 2017 (ESOP 2017)			
9	Grant of options to the employees of the Subsidiary Company(ies) of the Company under Employees Stock Option Plan 2017 (ESOP 2017)			

Place:

Date:

_____

(Signature of the Shareholder)

Note: Please read the instructions printed overleaf carefully before exercising your vote.

GENERAL INSTRUCTIONS

1. This Ballot Form is provided for the benefit of Members who do not have access to remote e-voting facility.
2. A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and ballot shall be treated as invalid.
3. The scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through ballot to declare the final result for each of the resolutions forming part of the Notice of the AGM.
4. The results declared along with Scrutinizer's Report, shall be placed on the Company's website www.vivimedlabs.com and on the website of the Central Depository Services Limited (CDSL), https://www.evotingindia.com within three (3) days of the passing of the Resolutions at the AGM of the Company on Friday, September 29, 2017and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Process and manner for members opting to vote by using the ballot form

a. Voting rights are reckoned on the basis of the shares registered in the names of the Members/Beneficial Owners as on Friday, September 22, 2017.

b. Please complete and sign the Ballot Form and return the form in the self-addressed Business Reply envelope so as to reach the Scrutinizer, Mr. N.V.S.S. Suryanarayana Rao, Practicing Company Secretary at Vivimed Labs Limited, North End, Road No.2, Banjara Hills, Hyderabad -500034 appointed by the Board of Directors of the Company on or before Thursday, September 28, 2017 (5.00 p.m.).

c. The Form should be signed by the Member as per the specimen signature registered with the Company/Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA. Exercise of vote by Ballot is not permitted through proxy.

d. In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution together with their specimen signatures authorizing their representative.

e. A Member may request for a duplicate Ballot Form, if so required. However, duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date and time specified in serial no.(b) above

f. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. The Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.

g. The decision of the Scrutinizer on the validity of the Ballot Form and any other related matter shall be final.

Vivimed

Vivimed Labs Limited

CIN: L02411KA1988PLC009465

Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka - 585403

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):	_____
Registered address:	_____
E-mail Id:	_____
Folio No/ Client Id:	_____
DP ID:	_____

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

   Address: .....

   .....

   E-mail Id: .....

   Signature:.....,..... or failing him

2. Name: .....

   Address: .....

   .....

   E-mail Id: .....

   Signature:.....,..... or failing him

3. Name: .....

   Address: .....

   .....

   E-mail Id: .....

   Signature:.....,..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the company, to be held on the Friday, 29th day of September 2017 at 11.30 a.m. at 78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka State and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No(s).	Resolutions	Vote (Optional)	
		For	Against
Ordinary Business:			
1	To receive, consider and adopt the Stand alone Balance Sheet as at March 31, 2017, Statement of Profit and Loss for the Financial Year ended on March 31, 2017, Cash Flow Statement for the Financial Year ended March 31, 2017 and reports of Directors and Auditors thereon.		
2	To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2017, Statement of Profit and Loss for the Financial Year ended on March 31, 2017, Cash Flow Statement for the Financial Year ended March 31, 2017 and Report of Auditors thereon.		
3	To declare dividend on the equity shares for the financial year 2016-17		
4	To appoint a Director in place of Mr. Sandeep Varalwar, who retires by rotation and being eligible offers himself for re-appointment		
5	To appoint a Director in place of Mr. S. Raghunandan, who retires by rotation and being eligible offers himself for re-appointment		
6	To appoint Statutory Auditors and fix their remuneration		
Special Business:			
7	To ratify the remuneration payable to M/s. A.S. Rao & Co, Cost Accountants to audit the cost records for the financial year ending 31st March 2018.		
8	Approval of Vivimed Labs Limited - Employees Stock Option Plan 2017 (ESOP 2017)		
9	Grant of options to the employees of the Subsidiary Company(ies) of the Company under Employees Stock Option Plan 2017 (ESOP 2017)		

Signed this ……. day of ……. 2017

Signature of shareholder ……

Signature of Proxy holder(s) ……

Affix Revenue Stamp

Note:
This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Vivimed

Vivimed Labs Limited
CIN: L02411KA1988PLC009465
Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka - 585403
Email: yugandhar.kopparthi@vivimedlabs.com, Website: vivimedlabs.com,
Tel: 08482 - 232045, Fax: 08482 – 232436

ATTENDANCE SLIP

DP ID _____ Folio No./Client ID _____

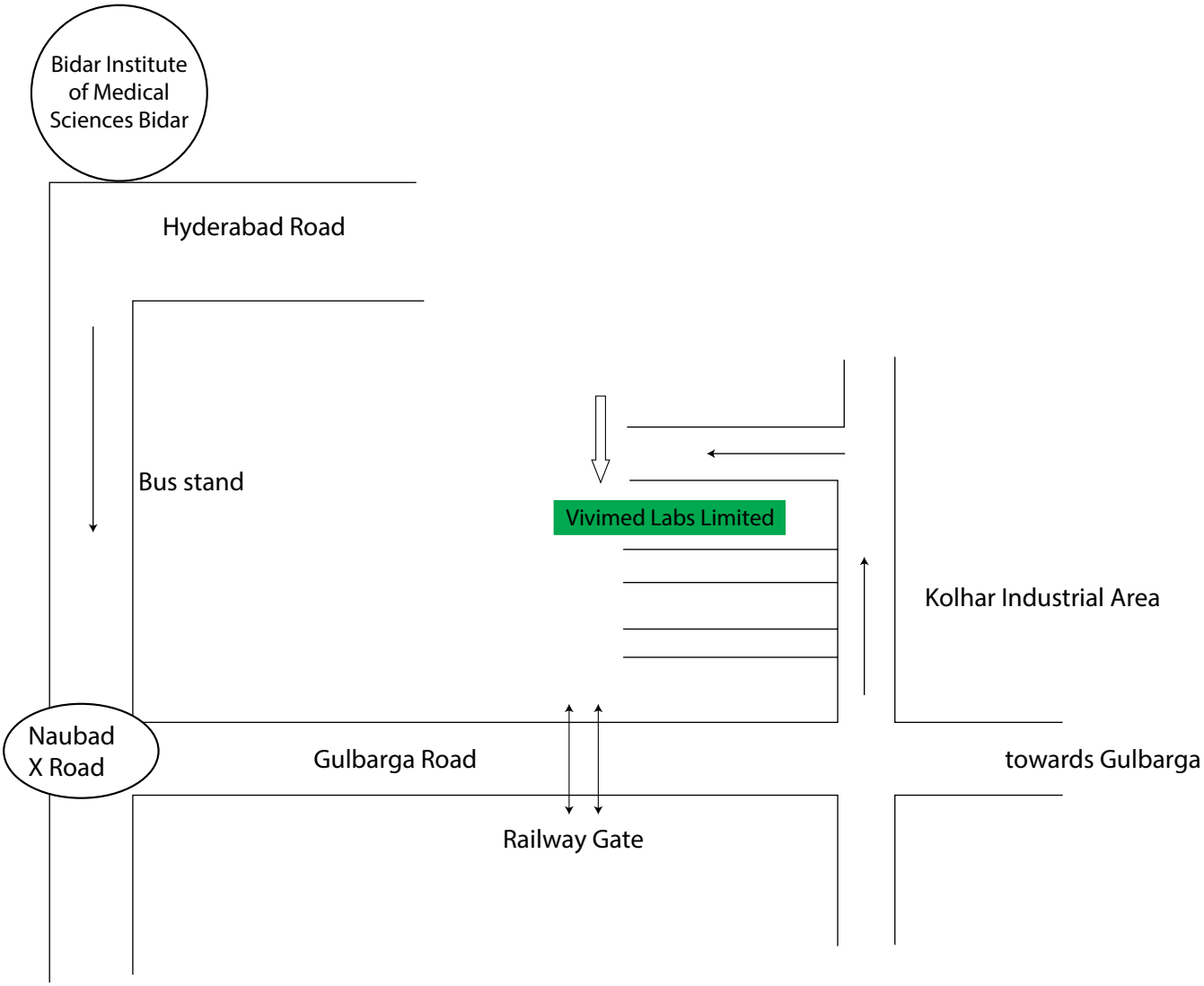
(To be presented at the entrance)

I/We hereby record my/our presence at the **29th ANNUAL GENERAL MEETING** of the Company at Registered office: 78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka on Friday, 29th September, 2017 at 11.30 a.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

_____
Signature of the Member/ Proxy

ROUTE MAP TO AGM VENUE



Corporate Information

Board of Directors

Mr. Santosh Varalwar	– *Managing Director*
Dr. V. Manohar Rao	– *Whole Time Director*
Mr. Subhash Varalwar	– Whole Time Director
Mr. Sandeep Varalwar	– *Whole Time Director*
Mr. S. Raghunandan	– *Whole Time Director*
Mr. P. V. Rathnam	– *Independent Director*
Prof. M. Bhagvanth Rao	– *Independent Director*
Dr. Peesapati Venkateswarlu	– *Independent Director*
Mr. Nixon Patel	– *Independent Director*
Mrs. Umanath Varahabhotla	– *Independent Director*

Chief Executive Officer

Mr. Pavan Kumar M

Chief Financial Officer

Mr. Ramesh Challa

Company Secretary & Compliance Officer

Mr. Yugandhar Kopparthi

Statutory Auditors

M/s P. Murali & Co., Chartered Accountant
6-3-655/2/3, Somajiguda, Hyderabad – 500082

Secretarial Auditors

Mr. N.V.S.S. Suryanarayana Rao,
Practicing Company Secretary
Plot No 232B, Road No. 6,
Samathapuri Colony, New Nagole,
Hyderabad- 500035

Cost Auditors

M/s. A.S. Rao & Co, Cost Accountants
Dr No.6-2-981, Flat No. 501,
5th Floor, Maruthi Plaza,
Khairatabad,Hyderabad-50004

Audit Committee

Mr. P. V. Rathnam	– *Chairman*
Prof. M. Bhagavanth Rao	– *Member*
Dr. Peesapati Venkateswarlu	– *Member*
Mrs. Umanath Varahabhotla	– *Member*
Mr. Sandeep Varalwar	– *Member*
Mr. S. Raghunandan	– *Member*

(Re-Constituted on 27/06/2017)

Management Committee

Dr. V. Manohar Rao	-Chairman
Mr. Santosh Varalwar	– *Member*
Mr. Subhash Varalwar	– *Member*

Risk Management Committee

Mr. Santosh Varalwar	– *Member*
Mr. S. Raghunandan	– Member
Dr. V. Manohar Rao	– Member

Corporate Social Responsibility Committee

Prof. M. Bhagavanth Rao	– *Member*
Dr. V. Peesapati	– *Member*
Mr. Santosh Varalwar	– *Member*
Dr. V. Manohar Rao	– *Member*

Nomination and Remuneration Committee

Prof. M. Bhagavanth Rao	– *Chairman*
Mr. P.V. Rathnam	– *Member*
Dr. V. Peesapati	– *Member*
Mr. Nixon Patel	– *Member*

Stake Holders Relationship, Grievance and Share Transfer Committee

Mr. P.V Rathnam	– *Chairman*
Mr. Santosh Varalwar	– *Member*
Dr. V. Manohar Rao	– *Member*

Registered Office

Plot No.78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka
Tel: 08482 - 232045, Fax: 08482 – 232436

Corporate Office

North End, Road No.2, Banjara Hills, Hyderabad – 500034
Tel: 91-40-6608 6608, Fax: 91-40-6608 6699

Registrar & Transfer Agents

Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad – 500029
Phone : 040-27638111/27634445, Fax : 040-27632184
Email : info@aarthiconultants.com

Listing

BSE Limited
National Stock Exchange of India Limited

Bankers / Institutions

Corporation Bank
Axis Bank Limited
Biotechnology Industry Research Assistance Council (BIRAC)
Allahabad Bank
IFCI Limited
Siemens Financial Services Private Limited
International Finance Corporation
State Bank of India
Bank of Bahrain & Kuwait B.S.C
Export- Import Bank of India
Ambit Finvest Private Limited

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion on future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as 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

Vivimed

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