UNICHEM LABORATORIES LTD.

Fax No : 91 (22) 2678 4391 / 5198
Tel. No. : 91 (22) 66888333
Website : http://www.unichemlabs.com
CIN : L99999MH1962PLC012451.

Registered & Corporate Office : Unichem Bhavan, Prabhat Estate, S. V. Road, Jogeshwari (West), Mumbai-400102, INDIA.

July 4, 2018

Department of Corporate Services
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Mr. Hari K
Asst. Vice President - Operations
National Stock Exchange of India Ltd
Exchange Plaza, Bandra – Kurla Complex
Bandra (East), Mumbai – 400 051

Dear Sir,

Ref: BSE Scrip Code -506690: NSE Symbol – UNICHEMLAB

Sub: 55th AGM Notice, E-Voting and Book closure

With reference to the 55th Annual General Meeting of the Company, please note details as under:

1. The 55th Annual General Meeting (AGM) of the Members of Unichem Laboratories Limited will be held on Saturday, July 28, 2018 at 3.00 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College (K. C. College), Dinshaw Wachha Road, Churchgate, Mumbai 400 020. Please find enclosed herewith a copy of the 55th AGM notice.

2. The Annual Report for the year ended March 31, 2018 alongwith the Notice is dispatched to the Members of the Company at their registered e-mail ID/addresses on July 3, 2018. (Copy enclosed)

3. The remote e-voting period shall commence on Tuesday, July 24, 2018 at 10.00 A.M. (IST) and shall end on Friday, July 27, 2018 at 5.00 P.M. (IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Saturday, July 21, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 23, 2018 to Saturday, July 28, 2018 (both days inclusive) for the purpose of AGM and the payment of Dividend, if approved, by the Members at the 55th AGM shall be paid to the shareholders on or before August 3, 2018.

5. Please find enclosed copy of the newspaper advertisement dated July 3, 2018 issued in Business Standard and Sakal on July 4, 2018, giving details of the 55th AGM, E-Voting and Book closure which is self explanatory.

Thanks and Regards,

N. N. Thakore

Neema Thakore
Head- Legal & Company Secretary

Business Standard MUMBAI | WEDNESDAY, 4 JULY 2018

UNICHEM LABORATORIES LTD.

CIN:L99999MH1962PLC012451
Regd. Office: "Unichem Bhavan", Prabhat Estate, Off S.V. Road, Jogeshwari (West), Mumbai -400102
Tel. No.: 91 (22) 6688 8333 • Fax. No.:91 (22) 2678 4391
Website: http://www.unichemlabs.com • E-mail ID : shares@unichemlabs.com

NOTICE OF 55th ANNUAL GENERAL MEETING, REMOTE E-VOTING AND BOOK CLOSURE

Notice is hereby given that:

1. The 55th Annual General Meeting (AGM) of the Members of Unichem Laboratories Limited will be held on Saturday, July 28, 2018 at 3.00 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College (K. C. College), Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.
2. The Annual Report for the year ended March 31, 2018 alongwith the Notice is dispatched to the Members of the Company at their registered e-mail ID/addresses on July 3, 2018.
3. In terms of Section 108 of the Companies Act, 2013 (the Act) and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has made arrangements for its Members to exercise their right to vote on the Ordinary and Special business as set out in the Notice of the 55th AGM by electronic voting system of Central Depository Services (India) Limited (CDSL) from a place other that the venue of the AGM ("remote e-voting").
4. The remote e-voting period shall commence on Tuesday, July 24, 2018 at 10.00 A.M. (IST) and shall end on Friday, July 27, 2018 at 5.00 P.M. (IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Saturday, July 21, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
5. The facility for voting through poll shall also be made available to those Members who are present at the 55th AGM, but have not cast their vote by remote e-voting. The Members who have exercised their voting through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.
6. Person who becomes a Shareholder of the Company after dispatch of the Notice of AGM and holding shares as of cut-off date i.e. Saturday, July 21, 2018 can follow the process for generating the Login- ID and password as provided in the Notice of the 55th AGM.
7. The Annual Report and the Notice of the 55th AGM is available on the Company's website www.unichemlabs.com and also on CDSL's website www.cdslindia.com
8. 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 e-mail to helpdesk.evoting@cdslindia.com or you may contact Ms. Shalini Kamath, DGM - Secretarial & Insurance on Telephone No: (022) 6688 8478 or you may address your queries to the Company at the designated e-mail ID at shares@unichemlabs.com.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 23, 2018 to Saturday, July 28, 2018 (both days inclusive) for the purpose of AGM and the payment of Dividend, if approved, by the Members at the 55th AGM shall be paid to the share holders on before August 3, 2018.

By order of the Board,
For **Unichem Laboratories Limited**
Sd/-
Neema Thakore
Head - Legal & Company Secretary

Date: July 3, 2018
Place: Mumbai

UNICHEM LABORATORIES LTD.

सीआयएन : L99999MH1962PLC012451
नोंदणीकृत कार्यालय : युनिकेम भवन, प्रभात इस्टेट, ऑफ एस. व्ही. रोड,
जोगेश्वरी (पश्चिम), मुंबई - ४०० १०२.
दूर. ९१-२२- ६६८८ ८३३३ • फॅक्स : ९१-२२-२६७८ ४३९१.
वेबसाइट : www.unichemlabs.com • ई-मेल आयडी : shares@unichemlabs.com

५५ वी वार्षिक सर्वसाधारण सभा, परोक्ष ई-मतदान व बुक क्लोजरची सूचना

याद्वारे सूचना देण्यात येत आहे की:

१. युनिकेम लॅबोरेटरीजच्या सभासदांची ५५ वी वार्षिक सर्वसाधारण सभा (एजीएम) शनिवार, दि. २८ जुलै, २०१८ रोजी दु. ३.०० वाजता रामा वाटुमल्ल प्रेक्षागृह, किशनचंद चेलाराम महाविद्यालय (के. सी. कॉलेज), दिनशॉ वाच्छा रोड, चर्चगेट, मुंबई - ४०० ०२० येथे आयोजित करण्यात येत आहे.

२. दि. ३१ मार्च, २०१८ रोजी संपलेल्या वर्षाकरिताचा वार्षिक अहवाल, सूचनेसमवेत कंपनीच्या भागधारकांना त्यांच्या नोंदणीकृत ई-मेल आयडी/पत्त्यांवर दि. ३ जुलै, २०१८ रोजी पाठवण्यात आला आहे.

३. कंपन्या कायदा, २०१३ (कायदा) चे अनुच्छेद १०८ व कंपन्या कंपन्या (व्यवस्थापन व प्रशासन) नियम, २०१४ चे नियम २० अंतर्गत कंपनीने आपल्या सभासदांकरिता ५५ व्या एजीएमच्या सूचनेत विहित केल्यानुसार सेंट्रल डिपॉझिटरी सर्व्हिसेस (इंडिया) लिमिटेड (सीडीएसएल)च्या माध्यमातून एजीएमच्या ठिकाणाव्यतिरिक्त अन्य ठिकाणाहून इलेक्ट्रॉनिक पद्धतीने मत देऊन (परोक्ष ई-मतदान) सामान्य व विशेष विषयांवर मत देण्याचा हक्क बजावण्याची व्यवस्था केली आहे.

४. परोक्ष ई-मतदानाचा कालावधी मंगळवार, दि. २४ जुलै, २०१८ रोजी स. १०.०० वा. (भा. प्र. वे.) सुरू होईल व शुक्रवार, दि. २७ जुलै, २०१८ रोजी सायं. ५.०० वा. (भा. प्र. वे.) संपेल. सदर कालावधीदरम्यान निर्धारित अंतिम तारीख अर्थात शनिवार, दि. २१ जुलै, २०१८ रोजीनुसार प्रत्यक्ष स्वरूपात किंवा डीमटेरियलाइज्ड स्वरूपात भागधारक असलेले कंपनीचे सभासद इलेक्ट्रॉनिक पद्धतीने आपले मत देऊ शकतील. तत्पश्चात सीडीएसएलद्वारे ई-मतदानाचे मोड्युल अकार्यरत करण्यात येईल.

५. ५५ व्या एजीएमच्या ठिकाणी उपस्थित असलेल्या, परंतु परोक्ष ई-मतदानाद्वारे मत न दिलेल्या भागधारकांकरिता मतपत्रिकेद्वारे मतदानाची सुविधाही उपलब्ध करून देण्यात येईल. परोक्ष ई-मतदानाद्वारे मत दिलेले सभासद सभेस उपस्थित राहू शकतील, परंतु त्यांना एजीएममध्ये पुन्हा मत देता येणार नाही.

६. एजीएमच्या सूचनेच्या पाठवणीपश्चात कंपनीचे भागधारक बनलेल्या व निर्धारित अंतिम तारीख अर्थात शनिवार, दि. २१ जुलै, २०१८ रोजीनुसार भागधारक असलेल्या व्यक्ती ५५ व्या एजीएमच्या सूचनेत दिलेल्या पद्धतीनुसार लॉग इन आयडी व पासवर्ड तयार करण्याच्या प्रक्रियेचे अनुपालन करू शकतील.

७. वार्षिक अहवाल व ५५ व्या एजीएमची सूचना कंपनीची वेबसाइट www.unichemlabs.com वर तसेच सीडीएसएलची वेबसाइट www.cdslindia.com वरही उपलब्ध आहे.

८. ई-मतदानासंदर्भात काही शंका वा अडचणी असल्यास तुम्ही www.evotingindia.com च्या help section वर उपलब्ध Frequently Asked Questions (FAQs) व e-voting manual वाचू शकता किंवा helpdesk.evoting@cdslindia.com वर ई-मेल लिहू शकता किंवा कु. शालिना कामथ, डीजीएम - सेक्रेटरियल अँन्ड इन्शुरन्स यांना दूरध्वनी क्र. (०२२) ६६८८ ८४७८ वर संपर्क साधू शकता किंवा तुम्ही तुमचे प्रश्न कंपनीकडे shares@unichemlabs.com या निर्दिष्ट ई-मेल आयडीवरही पाठवू शकता.

९. एजीएमच्या निमित्ताने व भागधारकांद्वारे मंजूर करण्यात आल्यास लाभांशाच्या प्रदानाकरिता कंपनीचे सभासदांचे रजिस्टर व शेअर ट्रान्सफर बुक्स, सोमवार, दि. २३ जुलै, २०१८ ते शनिवार, दि. २८ जुलै, २०१८ (दोन्ही दिवस समाविष्ट) दरम्यान बंद राहतील. लाभांश, ५५ व्या एजीएममध्ये मंजूर करण्यात आल्यास तो दि. ३ ऑगस्ट, २०१८ रोजी वा तत्पूर्वी भागधारकांना प्रदान करण्यात येईल.

मंडळाच्या आदेशाद्वारे,
युनिकेम लॅबोरेटरीज लिमिटेडकरिता
सही/-
नीमा ठाकोर
प्रमुख - विधि व कंपनी सचिव

दिनांक : ०३ जुलै, २०१८
ठिकाण : मुंबई

ANNUAL REPORT 2017-18

Value Driven
Global Vision

UNICHEM LABORATORIES LTD.

Corporate Information

Board Committees

Audit Committee
Mr. Prafull Anubhai - Chairman
* Mr. Ramdas Gandhi
Mr. Prafull Sheth
** Mr. Dilip Kunkolienkar

Nomination and Remuneration Committee
Mr. Prafull Anubhai - Chairman
Mr. Prafull Sheth
* Mr. Ramdas Gandhi
*** Mr. Anand Mahajan

Stakeholders' Relationship Committee
* Mr. Ramdas Gandhi - Chairman
Dr. Prakash A. Mody
Mr. Prafull Anubhai - Chairman (wef May 29, 2018)
** Dr. (Mrs.) B. Kinnera Murthy

Corporate Social Responsibility Committee
Dr. Prakash A. Mody - Chairman
Mr. Prafull Anubhai
* Mr. Ramdas Gandhi
Dr. (Mrs.) B. Kinnera Murthy

* Resigned wef May 29, 2018
** Appointed wef May 29, 2018
*** Appointed wef May 25, 2018

Registered Office

Unichem Laboratories Limited
CIN:L99999MH1962PLC012451
Unichem Bhavan, Prabhat Estate, Off S. V. Road, Jogeshwari (West)
Mumbai - 400 102. • Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391
Website: www.unichemlabs.com • E-mail Id.: shares@unichemlabs.com

Statutory Auditors

N. A. Shah Associates LLP
Chartered Accountants
B 41-45, Paragon Centre
Pandurang Budhkar Marg
Worli, Mumbai - 400 013

Registrar and Share Transfer Agents

Link Intime India Private Limited
C 101, 247 Park, L B S Marg
Vikhroli (West), Mumbai - 400 083
Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060
E-mail Id.: mumbai@linkintime.co.in

Chief Finance & Compliance Officer

Mr. Rakesh Parikh

Company Secretary & Compliance Officer

Ms. Neema Thakore
Head - Legal & Company Secretary

Plant Locations

Formulation Plants

GHAZIABAD
C 31, 32 & D10, Industrial Area
Meerut Road, Ghaziabad - 201 003
Uttar Pradesh

GOA
Plot No. 17A & 18
Pilerne Industrial Estate
Pilerne, Bardez - 403 511, Goa

BADDI
Bhatauli Kalan
District Solan, Baddi - 173 205
Himachal Pradesh

API Plants

ROHA
99, MIDC Area, Roha
District Raigad - 402 116
Maharashtra

PITHAMPUR
Plot No. 197, Sector - I
Pithampur, District Dhar - 454 775
Madhya Pradesh

KOLHAPUR
Plot No. T – 47, Five Star MIDC
Kagal - Hatkanangale, District Kolhapur - 416 236
Maharashtra

Board of **Directors**

(L) to (R)

Mr. Dilip Kunkolienkar
Director Technical

Mr. Prafull Sheth
Independent Director

Mr. Anand Mahajan
Independent Director

Mr. Prafull Anubhai
Independent Director

Dr. Prakash A. Mody
Chairman & Managing Director

(Dr.) (Mrs.) B. Kinnera Murthy
Independent Director

Message from the **Chairman**

Dear Shareholders,

I am pleased to present you with the 55th Annual Report of your Company.

The financial year 2017-18 saw your Company undertake a strategic disinvestment of its domestic business to focus on the international API and formulation business backed by a strong R&D base. The last few years have seen a strong performance in the international markets, with the US formulation business showing robust growth. This growth has continued in the year under review and we are confident that this tactical disinvestment will reap rich dividends in the future and help to ensure the long-term success of your Company in the global pharma market.

The disinvestment of the Domestic Formulations business will allow us to focus our energies on US and Europe. We have also successfully completed a buyback to share part of the proceeds from the sale with our loyal shareholders.

'Quality and Reliability' are not mere words but form an integral part of our DNA. Our world-class API and formulation capacities successfully cleared multiple inspections by regulatory bodies from across the globe during the year under review.These included the USFDA issuing Establishment Inspection Reports (EIR) for the formulations manufacturing facilities at Ghaziabad and Goa. We are confident that we will continue to surpass the stringent cGMP standards that are required for doing business in the regulated markets.

Our investments in R&D are showing results and the past year saw successful ANDA approvals from the USFDA for Piroxicam Capsules USP, Irbesartan and Hydrochlorothiazide Tablets USP and Losartan Potassium and Hydrochlorothiazide tablets USP.

During the year under review, Unichem filed 9 Abbreviated New Drug Applications (ANDAs) (including 2 First–to-File Para IV), 12 US Drug Master Files, and 2 Brazil dossiers. We believe that our investment in R&D will be a game-changer and will open the door to growth, including out-licensing opportunities in generics and biologics.

Our R&D efforts will be led by our State-of-the-Art R&D Centre of Excellence (CoE) in Goa that focuses on API Process Research, API Process Research Analytics, Formulation Development, Formulation Development Analytics and Clinical Research and Intellectual Property Management. With seamless technology transfer, testing and roll-out of new products, the CoE driven by over 300 scientists will enable us to augment our pipeline of ANDA and DMF filings in the regulated markets as we move ahead to address the global pharma opportunity.

Our Capex program funded by internal accruals continued during the year under review and the Company invested in modernization and expansion of its plants. The capex program will continue over the next two years for capacity enhancement across our plants. Unichem is today the preferred partner for many multinationals on the back of an uncompromising approach to quality.The modernization and expansion will lay the ground for transformation into an international business driven company.

Going forward, your Company will proceed with a renewed push in the regulated markets including US and Europe.

With more than 500 regulatory filings for APIs backed by our world class manufacturing facilities in Roha and Pithampur, we are confident of successfully improving our market share and taking your Company to the next level of growth.

During the year under review, Standalone Sales/Income from operations (Gross) increased to ₹66,973.05 lacs (continuing operations) from ₹57,702.28 lacs (continuing operations) in 2016-2017, registering a growth of 16.07%.

Consolidated Sales/Income from Operations (Gross) stood at ₹81,839.69 lacs (continuing operations) in 2017-2018 as compared to ₹69,866.67 lacs (continuing operations) in 2016-2017, registering an increase of 17.14%.

It gives me great pleasure to inform you that the Board of Directors of the Company has recommended a final dividend of ₹ 5/- per share (250 %). The dividend shall be paid, if approved by shareholders at the 55th Annual General Meeting.

I would like to thank all our stakeholders and our esteemed Board members for their guidance and support. I am also grateful to our customers, business associates, banks and financial institutions, and the medical fraternity who have reposed their faith in us. And it would be remiss of me if I did not extend my appreciation to our employees for their unparalleled energy and commitment, and their families for their unstinting support. I look forward to your continued support as we embark on this transformational journey.

Dr. Prakash A. Mody
Chairman & Managing Director
May 29, 2018

Corporate Social Responsibility (CSR)

Adiwasi Unnati Mandal (AUM)

Twin Modular Toilets, Baddi

Jagwati Devi Bishamber Sahai Memorial Trust- Primary Madhyamic School, Ghaziabad.

Swachhata Pakhwada

Corporate Social Responsibility (CSR)

Your Company is actively involved in Corporate Social Responsibility (CSR) activities from many decades. Your Company undertakes various projects across India to do its part in benefiting society in education, health and sanitation sectors. It thrives to touch the lives of people making a positive impact. Below is a summary of the activities in which your Company engaged during the financial year 2017-2018.

Adiwasi Unnati Mandal (AUM)

Adiwasi Unnati Mandal (AUM) was founded by the late Shri Amrut Mody along with the late Shri Shantibhai Sheth in Shahpur Taluka in Thane district. Some activities undertaken were:

(a) Your Company employees carried out a drive under "Swachhata Pakhwada" in co-ordination with Adiwasi Unnati Mandal on 21st and 23rd August 2017 at Anand Dighe High School, Shahpur and Mahuli Vibhag Madhyamik Vidyalaya, Chandroti, Shahpur. The topics covered were awareness on personal and menstrual hygiene, sanitation and environmental cleanliness. Interactive sessions with the students were held by the employees of Unichem. The importance of "SWACHH BHARAT" was highlighted. Around 400 students were covered under this project. This initiative was actively led by 15 female employees of your Company. 35 principals of schools in Shahpur were addressed on these initiatives and Unichem's role in promoting the same.

(b) OPD camps were regularly held on Sundays at AUM centers. Around 11,500 patients were given treatment.

(c) Health and dental checkup camps were carried out in eight schools for students. All students were provided with dental kits.

(d) 170 patients were operated upon for cataract and other eye diseases at Bombay City Eye Institute and Research Centre, Babulnath, Mumbai and dark glasses were provided to them. Around 1,100 needy people were also provided spectacles.

(e) T.B., Leprosy and Epilepsy treatment were provided to patients every Sunday.

(f) First Aid boxes were distributed to schools in various centers namely Shidpada, Sakurli, Padvalapada, Gunde, Thune, Kharid, Dolkhamb, Kharade, Temburli, Alyani, Shahapur, Kinavli, Vasind and Asangaon etc.

(g) Around 11,500 books were provided to over 3,000 students of Std IV to VI of 31 schools. In addition to note books, educational aids such as pencils, erasers, sharpeners, ball pens etc. were also provided.

(h) Educational Awards were given to rank holders of Std X and XII in 75 schools of Shahpur Taluka.

(i) A separate computer laboratory was set up at Bhaktisangam Vidyalaya, Dalkhan School, where room flooring was done, platform was constructed and six new computers with accessories were provided. The benefit of this computer laboratory will be available to around 200 students.

(j) Overhead projectors and 9 audio systems were provided to various schools in the area.

(k) 16 RO Plants were installed in 9 schools for clean drinking water.

(l) Bicycles were provided to students of various schools for better attendance in school.

HEALTH AND SANITATION

Swachhata Pakhwada

With an aim to address health and sanitation issues and achieve the Prime Minister's goal on Clean India by October 2, 2019, under the Swachh Bharat Mission, your Company observed Swachhata Pakhwada from August 16 to 31, 2017 across India.

More than 15 cleanliness drives were undertaken in Baddi, Ghaziabad, Kolhapur, Goa, Pithampur, Roha and Mumbai on a large scale for 15 days. These projects included cleaning Government schools, public areas, school for the blind, office premises, Government hospitals etc. Awareness sessions regarding not using plastic were also conducted in schools and other public areas. These drives were planned and executed solely by your Company employees. Active participation was shown by them throughout the process.

Vision Foundation of India

Your Company is associated with the Vision Foundation of India, an initiative created by Dr. Kulin Kothari and the Bombay City Eye Institute and Research Centre in 1993, with a vision to eradicate blindness and eye diseases from the marginalized sections of the society. Vision Foundation of India makes sure that people from underserved society get the best quality eye related surgeries and check-ups free of cost, using the latest technology. Your Company has been actively involved with these projects for the past few years.

Rotary Club of Bombay (Midtown)

Your Company, in association with the Rotary Club of Bombay (Midtown), is contributing towards pediatric care. These initiatives will give a new lease of life to some underprivileged Indian children.

Government High School and Industrial Area, Baddi

Your Company constructed two twin modular toilets in the Government High School, Baddi and surrounding industrial area. As a commitment to maintain the facility, water and electricity supply is provided in the toilets. Your Company has also completed the tiling of the assembly area of the school and renovation of the school kitchen.

EDUCATION

Amrut Mody College of Mass Communication and Journalism, Nadiad

Your Company continues its close association with the Amrut Mody College of Mass Communication and Journalism, Nadiad. Every year it contributes towards the welfare of students of the institute.

Muktangan

Muktangan is an innovative model of education located within mainstream Government schools providing quality, child-centered, inclusive English-medium schooling to thousands of children in Mumbai coming from the underprivileged strata of the society. Your Company has been actively funding this project for many years.

Kreeda Prabhodini, Goa

Your Company provided sponsorships to Kreeda Probhodini (non-profit organization) to conduct regular diet camps, scientific and medical screening of budding gymnasts.

Jagwati Devi Bishamber Sahai Memorial Trust - Primary Madhyamic School, Ghaziabad

Your Company has taken care of seating arrangements for students.

ENVIRONMENT PROTECTION

Pilerne, Goa

Your Company provided benches on footpaths and planted trees around them, towards beautification project conducted by the Government. These benches are currently serving as resting place for people, especially elderly.

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Five-year Financial Highlights (Standalone)

Balance Sheet

(₹ in lakhs)

As at 31st March	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total Equity & Liabilities					
Equity share capital	1,812.55	1,815.38	1,816.87	1,817.53	1,406.74
Share Application Money	-	-	-	-	-
Other equity	88,814.17	95,110.04	1,00,898.40	1,11,255.27	2,74,759.86
Net worth	**90,626.72**	**96,925.42**	**1,02,715.27**	**1,13,072.80**	**2,76,166.60**
Loans & Borrowings	2,429.53	2,099.46	2,766.73	98.91	32.68
Creditors & Liabilities	23,428.14	19,207.32	25,539.59	34,672.82	30,663.41
Deffered tax liability	4,177.43	3,932.54	3,131.54	2,449.51	3,429.01
TOTAL LIABILITIES	**1,20,661.82**	**1,22,164.74**	**1,34,153.13**	**1,50,294.04**	**3,10,291.70**
ASSETS					
Net block	39,371.69	39,586.60	38,119.98	46,795.55	55,484.14
Capital WIP (Including Capital Advances)	8,848.82	12,297.45	24,056.10	24,725.96	23,553.08
NB + CWIP	48,220.51	51,884.05	62,176.08	71,521.51	79,037.22
Investment	11,992.05	15,294.20	11,056.20	8,937.34	97,879.97
Current Assets					
Inventories	18,623.73	18,648.31	20,065.54	25,398.41	20,775.60
Trade Receivables	21,127.51	20,632.93	26,473.14	29,649.22	22,704.98
Cash and bank balance	4,082.60	1,971.05	1,094.07	1,016.03	67,360.52
Loans & advances	16,615.42	13,734.20	13,288.10	13,771.53	22,533.41
TOTAL ASSETS	**1,20,661.82**	**1,22,164.74**	**1,34,153.13**	**1,50,294.04**	**3,10,291.70**

Five-year Financial Highlights (Standalone)

Statement of Profit and Loss

(₹ in lakhs)

For the year ended 31st March	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
CONTINUING OPERATIONS					
Revenue From Operations	1,05,183.92	1,09,895.88	1,23,614.52	57,702.28	66,973.05
Other Income	4,283.91	1,996.77	2,270.87	719.25	6,288.60
Total Income	**1,09,467.83**	**1,11,892.65**	**1,25,885.39**	**58,421.53**	**73,261.65**
Material consumption	27,103.30	30,618.22	32,319.94	25,623.05	34,598.21
Purchase of finished goods	12,758.93	12,934.66	13,752.71		
Increase/Decrease in stocks of semi-finished & finished goods	(2,758.11)	(769.16)	(871.23)	(667.85)	470.21
Staff costs (Excluding R&D)	14,713.82	17,804.19	20,959.92	11,768.07	14,653.63
Excise Duty	766.42	797.42	1,562.85	95.26	39.34
Other expenses	34,486.35	38,352.39	41,662.48	26,685.57	30,834.49
Total expenses	**87,070.71**	**99,737.72**	**1,09,386.67**	**63,504.10**	**80,595.88**
PBDIT	**22,397.12**	**12,154.93**	**16,498.72**	**(5,082.57)**	**(7,334.23)**
Finance Cost	248.16	236.86	229.16	199.76	316.69
PBDT	**22,148.96**	**11,918.07**	**16,269.56**	**(5,282.33)**	**(7,650.92)**
Depreciation & Amortisation	4,266.58	3,768.30	3,499.12	3,941.13	4,504.12
Profit before tax	17,882.38	8,149.77	12,770.44	(9,223.46)	(12,155.04)
Exceptional & prior period items	(4,114.55)		353.00		
Current tax	3,778.11	1,811.05	3,175.00	(1,408.08)	
Deferred tax	522.00	(101.00)	(806.03)	(262.25)	1,257.90
Short / (Excess) provision for tax (earlier years)					(1,271.99)
Profit (Loss) for the period from continuing operations	**17,696.82**	**6,439.72**	**10,048.47**	**(7,553.13)**	**(12,140.95)**
DISCONTINUED OPERATIONS					
Profit/(loss) from discontinued operations					
A. Profit / (loss) from discontinued operations	-	-	-	22,383.15	15,358.12
B. Gain on sale of identified business (net)	-	-	-	-	3,21,731.05
Profit/(loss) for the year from discontinued operations (A+B)	-	-	-	22,383.15	3,37,089.17
Tax on discontinued operations	-	-	-	4,443.30	69,288.37
Profit/(loss) from discontinued operations (after tax)	**-**	**-**	**-**	**17,939.85**	**2,67,800.80**
Profit/(loss) for the year	**-**	**-**	**-**	**10,386.72**	**2,55,659.85**
Other Comprehensive Income	-	-	11.57	(280.53)	(180.08)
Total Comprehensive Income	**17,696.82**	**6,439.72**	**10,060.04**	**10,106.19**	**2,55,479.77**
Note:					
Equity dividend	7,251.29	1,815.42	1,816.86	2,726.30	3,516.85
Expenditure on R&D :					
-Capital	1,233.38	902.47	337.26	548.38	445.78
-Recurring	5,215.10	4,642.14	4,386.82	6,169.38	8,496.86
Total R & D expenditure*	6,448.48	5,544.61	4,724.08	6,717.76	8,942.64

* At units approved by Department of Scientific & Industrial Research

Figures for FY 2013-2014, 2014-2015, 2015-2016 are including continued and discontinued business.

Key Ratio & EPS

Ast at 31st March	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Debt :Equity Ratio	0.027:1	0.022 : 1	0.027:1	0.001:1	0.0001:1
Per share Data					
Earnings per equity share (for continuing operations):	19.54	7.10	11.06	(8.31)	(13.39)
Earnings per equity share (for discontinued operations):				19.74	295.27
Earnings per equity share (for discontinued & continuing operations):	19.54	7.10	11.06	11.43	281.88
Dividend (%)	400%	100%	100%	150%	250%
Dividend (in ₹) per Share	8.00	2.00	2.00	3.00	5.00
Book Value per Share (₹)	100	104.38	113.07	124.42	392.63

Notice

NOTICE is hereby given that the 55th Annual General Meeting of the Members of **UNICHEM LABORATORIES LIMITED**, will be held on Saturday, July 28, 2018 at 3.00 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College (K. C. College), 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
   (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon; and
   (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and the report of the Auditors thereon.

2. To declare a dividend on equity shares for the financial year ended March 31, 2018. {The Board of Directors has recommended a dividend of ₹ 5/- (250 %) per Equity Share having a face value of ₹ 2/- fully paid up.}

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** Dr. Prakash A. Mody (DIN 00001285) who had been appointed as the Managing Director of the Company with effect from July 1, 2013 as a non-retiring Director in terms of the Articles of Association of the Company and who, in terms of the provisions of Section152 of the Companies Act, 2013, retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company;

   RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification)(s) or re-enactments thereof for the time being in force and other applicable Laws, Rules, Regulations and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 (the Act), consent of the Members of the Company, (subject to the approval of the Central Government, if required) be and is hereby accorded to the re-appointment of Dr. Prakash A. Mody (DIN 00001285) as the Chairman & Managing Director of the Company for a period of five years with effect from July 1, 2018 upto June 30, 2023, on the terms, conditions and stipulations as set out in the statement annexed to the Notice convening this Meeting;

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution;

   RESOLVED FURTHER THAT Dr. Prakash A. Mody, be and is hereby designated as a Key Managerial Personnel of the Company as per the provisions of Section 203(1)(i) of the Act;

   RESOLVED FURTHER THAT subject to the provisions of the Act and the Rules, Circulars, Orders and Notifications issued thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule V of the Act and /or guidelines for managerial remuneration issued by the Government of India, if any, from time to time or other appropriate authority in that behalf as in force and as amended from time to time, the Board of Directors or any Committee thereof be and is hereby authorized to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Dr. Prakash A. Mody within the limits as may be specified under the Act from to time;

   RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 160 and other applicable provisions, if any, of the Companies Act, 2013, (the Act) read with the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in terms of the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, Mr. Dilip Kunkolienkar, (DIN 02666678) who was appointed as an additional director of the Company with effect from April 1, 2018, and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation;

   RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification)(s) or re-enactments thereof for the time being in force and other applicable Laws, Rules, Regulations and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 (the Act), consent of the Members of the Company, (subject to the approval of the Central Government, if required) be and is hereby accorded to the appointment of Mr. Dilip Kunkolienkar (DIN 02666678) as the Whole time Director of the Company, designated as Director Technical, for a period of five years with effect from April 1, 2018 upto March 31, 2023 on the terms, conditions and stipulations as set out in the statement annexed to the Notice convening this Meeting;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution;

RESOLVED FURTHER THAT Mr. Dilip Kunkolienkar, be and is hereby designated as a Key Managerial Personnel of the Company as per the provisions of Section 203(1)(i) of the Act;

RESOLVED FURTHER THAT subject to the provisions of the the Act and the Rules, Circulars, Orders and Notifications issued thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule V of the Act and /or guidelines for managerial remuneration issued by the Government of India, if any, from time to time or other appropriate authority in that behalf, as in force and as amended from time to time, the Board of Directors or any Committee thereof be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Mr. Dilip Kunkolienkar, within the limits as may be specified under the Act from to time;

RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** Mr. Prafull Anubhai (DIN 00040837), who was appointed as an Independent Director of the Company by the Members at the Annual General Meeting held on July 12, 2014, for a period of five consecutive years upto March 31, 2019, and who meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 (the Act) and based on the recommendation of the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Act proposing his candidature for the office of an Independent Director, be and is hereby re-appointed, in accordance with Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Act and the corresponding Rules framed thereunder and the applicable provisions of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification or re-enactment thereof for the time being in force), as an Independent Director of the Company not liable to retire by rotation and to hold office for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024;

RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** Mr. Prafull Sheth (DIN 00184581), who was appointed as an Independent Director of the Company by the Members at the Annual General Meeting held on July 12, 2014, for a period of five consecutive years upto March 31, 2019, and who meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 (the Act) and based on the recommendation of the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Act proposing his candidature for the office of an Independent Director, be and is hereby re-appointed, in accordance with Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Act and the corresponding Rules framed thereunder and the applicable provisions of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification or re-enactment thereof for the time being in force), as an Independent Director of the Company not liable to retire by rotation and to hold office for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024;

RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** Mr. Anand Mahajan (DIN 00066320), who was appointed as an Independent Director of the Company by the Members at the Annual General Meeting held on

July 12, 2014, for a period of five consecutive years upto March 31, 2019, and who meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 (the Act) and based on the recommendation of the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Act proposing his candidature for the office of an Independent Director, be and is hereby re-appointed, in accordance with Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Act and the corresponding Rules framed thereunder and the applicable provisions of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification or re-enactment thereof for the time being in force), as an Independent Director of the Company not liable to retire by rotation and to hold office for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024;

RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

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

"**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) a remuneration not exceeding ₹ 7.50 lakhs (Rupees Seven Lakhs Fifty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses as approved by the Board of Directors of the Company, payable to Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294); for conducting Cost Audit of the records maintained by the Company for the financial year ending March 31, 2019, be and is hereby ratified;

RESOLVED FURTHER THAT the Board be and is hereby authorized severally to do all such acts, deeds and things as may be necessary to give effect to the above."

By order of the Board of Directors,

For **Unichem Laboratories Limited**

Neema Thakore

Mumbai — Head – Legal & Company Secretary

May 29, 2018 — Membership No.: F3966

Registered Office:

Unichem Bhavan, Prabhat Estate, Off S. V. Road

Jogeshwari (West), Mumbai – 400 102

NOTES:

1. A statement setting out material facts pursuant to Section 102(1) of the Companies Act, 2013, (the Act), with respect to the items of Special Business is annexed hereto.

2. The Register of Members and the Share Transfer books of the Company will remain closed from Monday, July 23, 2018 to Saturday, July 28, 2018 (both days inclusive) for the Annual General Meeting (AGM) and payment of Dividend, if declared, at the forthcoming AGM.

3. IN TERMS OF SECTION 105 OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as Proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. A Member holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as a Proxy and such a person shall not act as a Proxy for any other person or Shareholder.

4. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty eight hours before the commencement of the Meeting. A Proxy form is annexed. Proxies submitted on behalf of Companies, Societies etc., must be supported by an appropriate Resolution/authority, as may be applicable.

5. Details of the Directors seeking appointment/re-appointment at the AGM form an integral part of the Notice and are provided in the statement pursuant to Section 102 of the Act. The Directors have furnished the requisite declarations for their appointment/re-appointment.

6. Corporate members are requested to send a duly certified copy of the Board Resolution, authorizing their representative to attend and vote at the AGM.

7. Members/Proxies are requested to bring their copy of the Annual Report to the Meeting alongwith duly filled in attendance slips for attending the Meeting.

8. Members seeking any information with regard to the Annual Report are requested to write to the Company at an early date to enable the Company to compile the information and provide replies at the Meeting.

9. An electronic copy of the 55th Annual Report of the Company (including the Notice) *inter alia*, indicating the process and manner of e-voting alongwith Attendance Slip and Proxy Form is being sent to all the Members whose email ids are registered with the Company/Depository Participant(s) for communication purposes. For Members other than the above, physical copies of the Annual Report are being sent in the permitted mode.

10. Members may also note that an electronic copy of the 55th Annual Report, including Notice alongwith Attendance Slip and Proxy Form, will also be available on the Company's website at www.unichemlabs.com Even after registering for e-communication, Members are entitled to receive free of cost, such communication in physical form, upon making a request for the same. For any communication, the Shareholders may also send their request to the Company's investor e-mail id: shares@unichemlabs.com

11. A route map showing directions to reach the venue of the 55th AGM, as per the requirement of the Secretarial Standards-2 on General Meetings is given at the end of the Annual Report.

12. The Company has transferred on due dates, the unpaid or unclaimed dividend declared upto the financial year ended March 31, 2010 and interim dividend for the financial year 2010-2011 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 22, 2017 (date of the previous Annual General Meeting), on the website of the Company www.unichemlabs.com and the website of the Ministry of Corporate Affairs www.iepf.gov.in

    Members are requested to note that no claim shall lie against the Company in respect of any amount of dividend remaining unclaimed/ unpaid for a period of seven consecutive years from the dates they became first due for payment. Any member, who has not claimed final dividend for the financial year 2010-2011 onwards is requested to approach the Company/the Registrar and Share Transfer Agents of the Company for claiming the same as early as possible, but no later than August 31, 2018. The Company has already sent reminders to all such Members at their registered addresses in this regard.

    During the Financial Year 2016-2017, the Ministry of Corporate Affairs notified the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("IEPF Rules") and amendments thereto. Pursuant to the provisions of the IEPF Rules read with Section 124(5) and Section 124(6) of the Companies Act, 2013, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the IEPF authority. The Company has uploaded full details of such shareholders and shares transferred to the IEPF suspense account on its website www.unichemlabs.com Shareholders are requested to refer to https://unichemlabs.com/investor-information/unclaimed-dividend/ to verify the details of unencashed dividends and the shares transferred to the IEPF suspense account.

13. Disclosure with respect to Demat Suspense Account / Unclaimed Suspense Account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as at April 1, 2017	261	5,11,865
(Less): Number of Shareholders who approached the Issuer for transfer of shares from the Unclaimed Suspense Account and to whom the shares were transferred from the Unclaimed Suspense Account during the year	6	3,490
(Add): Number of Shareholders whose shares were transferred to Unclaimed Suspense Account during the year	-	-
(Less) Number of shares transferred from Unclaimed Suspense Account to the IEPF authority during the Financial Year 2017-2018	199	3,82,815
Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as at March 31, 2018	56	1,25,560

14. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in the electronic form are, therefore requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in the physical form should submit their PAN to the Registrar/Company.

15. All documents referred to in the accompanying Notice and statement under Section 102 of the Act shall be open for inspection at the Registered Office of the Company (Monday to Friday) from 11.00 a.m. to 1.00 p.m., up to the date of the AGM.

16. Voting through electronic means:

    (a) In compliance with the provisions of Section 108 of the Act read with the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide its Shareholders with the facility to exercise their right to vote at the 55th AGM of the Company by 'remote e-voting' (e-voting at a place other than the venue of the AGM). The business may be transacted through remote e-voting services provided by the Central Depository Services Limited (CDSL).

    (b) The facility for voting shall also be made available to those shareholders who are present at the 55th AGM, but have not cast their votes by availing the remote e-voting facility. Members who have exercised their

voting through the remote e-voting facility may attend the Meeting but shall not be entitled to cast their vote again at the Meeting.

(c) The Company has appointed Ms. Ragini Chokshi & Co., Practicing Company Secretaries (C.P.No.1436) as Scrutinizer for conducting the remote e- voting and voting process at the AGM in a fair and transparent manner.

(d) Instructions to Members for remote e-voting :

(i) The remote e-voting period begins on Tuesday, July 24, 2018, at 10.00 a.m. (IST) and ends on Friday, July 27, 2018, 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 Saturday, July 21, 2018 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: 16 digits beneficiary ID.

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.

c. Members holding shares in Physical Form should enter Folio No. registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps as given herein:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by the Income-Tax Department (Applicable for both demat Shareholders as well as physical Shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the Attendance Slip indicated in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the Member id / Folio No.in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for UNICHEM LABORATORIES LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to

www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

(e) The voting rights of Shareholders shall be in proportion to their share of the paid-up capital of the Company as on the cut-off date, Thursday, July 21, 2018.

(f) The Scrutinizer shall after scrutinizing the votes cast at the AGM (Poll) and through remote e-voting not later than three days from the conclusion of the AGM, make and submit a consolidated Scrutinizer's Report and submit it to the Chairman or any person authorized by the Board. The results declared alongwith the consolidated Scrutinizer's report shall be placed on the website of the Company and of CDSL. The results shall simultaneously be communicated to the Stock Exchanges where the Company's shares are listed.

(g) Subject to the receipt of the requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM i.e. July 28, 2018.

By order of the Board of Directors,

For **Unichem Laboratories Limited**

Neema Thakore

Mumbai — Head – Legal & Company Secretary

May 29, 2018 — Membership No.: F3966

Registered Office:

Unichem Bhavan, Prabhat Estate, Off S. V. Road

Jogeshwari (West), Mumbai – 400 102

Annexure to Notice

Statement setting out material facts pursuant to Section 102(1) of the Companies Act, 2013, (the Act).

Item Nos. 3 and 4

Dr. Prakash A. Mody was re-appointed as the Chairman & Managing Director of the Company for a period of five years with effect from July 1, 2013 upto June 30, 2018. The said appointment was approved by the Members at the Annual General Meeting (AGM) of the Company held on July 19, 2013, by way of an Ordinary Resolution.

Dr. Prakash A. Mody retires by rotation at the ensuing Annual General Meeting in terms of the provisions of Section 152 of the Act. The Act provides that Independent Directors are not subject to retirement by rotation and two-thirds of the remaining Directors shall be subject to retirement by rotation. Since all the Directors except Dr. Prakash A. Mody and Mr. Dilip Kunkolienkar (appointed as an additional and Whole time Director of the Company with effect from April 1, 2018 upto March 31, 2023, subject to the approval of the Members at the ensuing AGM and approval of the Central Government, if required, as more detailed under Agenda Item Nos. 5 and 6 of this Notice), are Independent Directors, Dr. Mody being the longest in the office since his last appointment, will retire by rotation and being eligible, offers himself for re-appointment.

Dr. Mody's appointment as the Chairman & Managing Director ends on June 30, 2018. Based on the recommendation of the Nomination and Remuneration Committee, and in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Act proposing his candidature for the office as the Chairman & Managing Director of the Company, the Board of Directors at its Meeting held on May 29, 2018, re-appointed Dr. Mody as the Chairman & Managing Director of the Company for a period of five years with effect from July 1, 2018 upto June 30, 2023, subject to the approval of the Members at the ensuing AGM and approval of the Central Government, if required.

As per the clarification issued by the Department of Company Affairs (Int. Circular No. 3(No.8/16(1)/61-PR, dated May 9, 1961) under the Companies Act, 1956 (said Act), in relation to appointment of Managing Director "an MD's office as MD does not suffer any break if he retires as a Director under Section 255 of the said Act and is re-elected as Director in the same Meeting."

Upon his re-appointment as a Director, Dr. Mody shall continue to hold office as the Chairman & Managing Director of the Company.

Details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dr. Prakash A. Mody is the Chairman & Managing Director of Unichem Laboratories Limited. He is the son of founder promoter, the late Mr. Amrut Mody. After graduating, he completed his post graduation at University of Mumbai. He has done his PhD in organic chemistry. He is also a Graduate Alumni of Harvard Business School.

He is the past president of the Indian Pharmaceutical Alliance; the industry body representing research based National Pharmaceutical Companies.

Dr. Mody is the Chairman of the Corporate Social Responsibility Committee and Member of the Company's Stakeholders' Relationship Committee. He holds 3,24,19,392 equity shares of the Company. Dr. Mody is not related to any Director of the Company. He is also a Director of the Company's Wholly Owned Subsidiary, Unichem Pharmaceuticals (USA) Inc. Dr. Mody is an Independent Director of Kewal Kiran Clothing Limited and is a member of the Nomination and Remuneration Committee of the said Company.

The Board of Directors is of the opinion that the knowledge and vast experience of Dr. Mody will be of immense benefit to the Company. Dr. Mody's re-appointment, terms and conditions and remuneration require approval of the Members at the ensuing AGM, and are subject to the approval of the Central Government. The Board recommends the Resolutions at Agenda Item Nos. 3 and 4 for your approval.

Broad terms and conditions contained in the agreement proposed to be made between the Company and Dr. Mody, upon his aforesaid re-appointment, *inter-alia*, include the following:

(A) SALARY, COMMISSION AND RETIREMENT BENEFITS

1. Salary

₹ 20,00,000/- (Rupees twenty lakhs only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 25,00,000 (Rupees twenty-five lakhs only) per month over the tenure.

2. Commission

Dr. Mody shall be entitled for a commission @ 1% on the net profits of the Company in a financial year, computed in terms of Section 198 and subject to the overall ceilings laid-down under Section 197 and Schedule V of the Companies Act, 2013 (The Act).

3. Contribution to Provident Fund

Contribution by the Company to Provident Fund at a rate not exceeding 12% of the Salary.

4. Contribution to Pension Fund / Superannuation Fund / National Pension Scheme

Contribution to a pension fund and/or superannuation fund and/or National Pension Scheme at a rate not exceeding 15% of the Salary.

5. Gratuity

Gratuity payable in accordance with the Gratuity Scheme of the Company provided that it does not exceed one half month's salary for every completed year of continuous service, since the date on which Dr. Mody was first appointed as Joint Managing Director.

(B) PERQUISITES

In addition to Salary, the Chairman & Managing Director will be entitled to the following perquisites:

1. Housing

The Company shall provide a fully furnished rent-free residential accommodation. If he is not provided accommodation by the Company, he shall be paid house rent allowance @ 60% of salary on a monthly basis.

The Company shall bear expenses which may be incurred on such a house in accordance with Dr. Mody's status, on insurance, security charges, maintenance

and repair of the house and the furniture and fixtures therein, gas, electricity and water.

2. **Medical reimbursement**

Reimbursement of actual medical expenses incurred in India and/or abroad for himself and his family members. Such reimbursement shall be subject to approval of the Board if the same exceeds five months average salary over a period of five years. In addition, the Chairman & Managing Director and his family members shall be covered under the Company's Group Mediclaim Policy.

3. **Leave Travel Concession**

Leave Travel Concession shall be made available to the Chairman & Managing Director for himself and his family once in a year in accordance with the rules of the Company. The total in a year, shall not exceed one month's salary.

4. **Club fees**

Fees of Corporate/ Health Clubs (not exceeding two clubs) shall be borne by the Company.

5. **Conveyance**

Free use of Company's cars, not exceeding two in number, for the work of the Company as well as for personal use along with driver, insurance, fuel, cost of repairs, overhauling, maintenance and garage rent.

6. **Communication Facilities**

The Company shall bear all expenses of communication facilities installed at the residence allotted to the Chairman & Managing Director, including but not limited to telephones (land lines/mobiles), faxes, computers/laptops and internet connection.

7. **Personal Accident Insurance**

Personal Accident Insurance as per the Company's policy.

8. **Leave**

Dr. Mody shall be eligible for leave as per the Rules of the Company.

9. **Entertainment, Traveling and other incidental Expenses**

The Company shall reimburse to Dr. Mody entertainment, traveling and other incidental expenses actually and properly incurred for the business of the Company.

10. **Other benefits**

Dr. Mody shall be entitled to the other benefits, schemes, privileges and amenities such as housing loans and other loans at concessional rate of interest, credit cards, products at a discount, as may be granted from time to time to the top management of the Company in accordance with the relevant schemes.

11. **Valuation of perquisites**

Perquisites mentioned above shall be evaluated in accordance with the Income Tax Rules, 1962 wherever applicable, and in other cases at the actual cost to the Company.

(C) OTHER TERMS RELATED TO REMUNERATION

1. **Minimum Remuneration**

When in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Dr. Mody in accordance with the applicable provisions of Schedule V to the Companies Act, 2013 and subject to the approval of the Central Government, if required.

2. **Disentitlements**

The Chairman & Managing Director shall not be entitled:

(a) To supplement his earnings under the Agreement with buying or selling commission involving the Company's transactions.

(b) To sitting fees for attending Meetings of the Board of Directors of the Company or any Committee or Committees thereof.

Dr. Mody and his relatives are concerned or interested (financially or otherwise) in his re-appointment as the Director and Chairman & Managing Director of the Company and the remuneration payable to him. None of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution at Agenda Item Nos. 3 and 4.

The draft Agreement between the Company and Dr. Mody is available for inspection at the Registered Office of the Company (Monday to Friday) from 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

This may be treated as an abstract of the terms of appointment of Dr. Prakash A. Mody as the Chairman & Managing Director and Memorandum of Interest pursuant to Section 190 of the Act.

The Board recommends the Resolutions as set out at Item Nos. 3 and 4 of the Notice for the approval of the Members by way of Ordinary and Special Resolutions respectively.

Item Nos. 5 and 6

The Board of Directors at its Meeting held on March 31, 2018 appointed Mr. Dilip Kunkolienkar as an additional director of the Company to hold office upto the date of the ensuing Annual General Meeting (AGM). Pursuant to the recommendation of the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing from a Member of the Company, in terms of Section 160 of the Act proposing his candidature for the office as Director of the Company, the Board of Directors at its meeting held on March 31, 2018, approved his candidature, as a Director of the Company, liable to retire by rotation.

At the said Board Meeting, pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors, subject to the approval of the Members at the ensuing AGM and Central Government, if required, appointed Mr. Kunkolienkar as a Whole time Director of the Company, designated as Director Technical, for a period of five years with effect from April 1, 2018 upto March 31, 2023.

Details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Dilip Kunkolienkar holds a Bachelor of Pharmacy degree from Bombay University. He has more than forty-four years of rich exposure at various positions in the Pharmaceutical industry in various leading Pharmaceutical houses like Richardson Hindustan Ltd., Geigy Ltd., Raptakos Brett Co. Ltd., and German Remedies Ltd.

Before the said appointment, Mr. Kunkolienkar served as Vice President – Global Generics & Compliance at the Company with additional charge of rendering formulation operation and Technical services to Unit Heads and the Management.

He has diverse experience in the manufacture of tablets, capsules, parenterals, Oral Solid and Liquid Dosage forms, suppositories of various forms; with an additional exposure to Bio studies, Product Viabilities, Planning, General Administration, Documentation, Regulatory Audits, Capex / Revenue budgeting and R & D and API Marketing.

Mr. Kunkolienkar is a member of the Audit Committee of the Company. He is not related to any Director of the Company. He currently holds 34,288 equity shares of the Company. He also serves as a Director in the Company's Wholly Owned Subsidiary namely Unichem Pharmaceuticals (USA) Inc. He also is a Director in Synchron Research Services Private Limited, a reputed contract research organization.

The Board of Directors are of the opinion that the knowledge and vast experience of Mr. Kunkolienkar will be of immense benefit to the Company. Mr. Kunkolienkar's appointment, terms and conditions and remuneration require approval of the Members at the ensuing Annual General Meeting, subject to the approval of the Central Government if required. The Board recommends the Resolutions as set out at Item Nos. 5 and 6 of the Notice for approval of the Members by way of Ordinary and Special Resolutions respectively.

Broad terms and conditions contained in the agreement proposed to be made between the Company and Mr. Kunkolienkar, upon his aforesaid appointment, *inter-alia*, include the following:

(A) SALARY, ALLOWANCES, RETIREMENT BENEFITS AND OTHERS

1. Salary

₹ 3,10,000 (Rupees Three Lakhs Ten Thousand Only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 6,20,000 (Rupees Six Lakhs Twenty Thousand Only) per month, over the tenure.

2.. Other Allowances

₹ 4,67,800/- (Rupees Four Lakhs Sixty Seven Thousand Eight Hundred Only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 9,35,600/- (Rupees Nine Lakhs Thirty Five Thousand Six Hundred Only) per month over the tenure. The allowance(s) however will not be taken into account for calculation of benefits such as provident fund, gratuity, superannuation fund, National Pension Scheme and leave encashment.

3. Contribution to Provident Fund

Contribution by the Company to the Provident Fund at a rate not exceeding 12% of Salary.

4. Contribution to Pension Fund / Superannuation Fund / National Pension Scheme

Contribution to pension fund and/or superannuation fund and/or National Pension Scheme at a rate not exceeding 15% of Salary.

5. Gratuity

Gratuity payable in accordance with the Gratuity Scheme of the Company provided that it does not exceed one half month's salary for every completed year of continuous service, since the date of appointment of Mr. Kunkolienkar.

6. Ex -gratia

Ex-gratia shall be paid as per Company's policy.

(B) PERQUISITES

In addition to Salary, Mr. Kunkolienkar will be entitled to the following perquisites:

1. Housing

The Company shall provide a fully furnished rent free residential accommodation or HRA as per the rules of the Company.

The Company shall bear expenses which may be incurred on such house in accordance with Mr. Kunkolienkar's status, on insurance, security charges, maintenance and repair of the house and the furniture and fixtures therein, gas, electricity and water.

2. Medical reimbursement

Reimbursement of actual medical expenses as per the policy of the Company. Mr. Kunkolienkar shall be covered under the Company's Group Mediclaim Policy.

3. Leave Travel Concession

Leave Travel Concession at the rate of one month's salary per annum in accordance with the rules of the Company.

4. Club fees

Fees of corporate/ health clubs (not exceeding 2 clubs) shall be borne by the Company.

5. Conveyance

Use of Company's car, for the work of the Company as well as for personal use along with driver, insurance, fuel, cost of repairs, overhauling, maintenance and garage rent.

6. Communication Facilities

The Company shall bear all expenses of Communication facilities installed at the residence allotted to the Director Technical including but not limited to Telephones (land lines/mobiles), Faxes, Computers/Laptops and Internet connection.

7. Personal Accident Insurance

Personal Accident Insurance as per the Company's policy.

8. **Leave**

Mr. Kunkolienkar shall be eligible for leave as per the Rules of the Company.

9. **Entertainment, Travelling and other incidental Expenses**

The Company shall reimburse to Mr. Kunkolienkar, entertainment, travelling and other incidental expenses actually and properly incurred for the business of the Company.

10. **Other benefits**

Mr. Kunkolienkar shall be entitled to the other benefits, schemes, privileges and amenities such as housing loans and other loans at concessional rate of interest, credit cards, products at a discount, as may be granted from time to time to the top management of the Company in accordance with the relevant schemes.

11. **Valuation of perquisites**

Perquisites mentioned above shall be evaluated in accordance with the Income Tax Rules, 1961 wherever applicable, and in other cases at the actual cost to the Company.

(C) OTHER TERMS RELATED TO REMUNERATION

1. **Minimum Remuneration**

When in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Kunkolienkar in accordance with the applicable provisions of Schedule V to the Act and subject to the approval of the Central Government, if required.

2. **Disentitlements**

Mr. Kunkolienkar shall not be entitled:

a. To supplement his earnings under the Agreement with buying or selling commission involving the Company's transactions.

b.To sitting fees for attending Meetings of the Board of Directors of the Company or any Committee or Committees thereof.

Mr. Dilip Kunkolienkar and his relatives are concerned or interested (financially or otherwise) in his appointment as the Whole time Director of the Company designated as Director Technical and the remuneration payable to him. None of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolutions at Agenda Item Nos. 5 and 6.

The draft Agreement between the Company and Mr. Dilip Kunkolienkar is available for inspection at the Registered Office of the Company (Monday to Friday) from 11.00 a.m. to 1.00 p.m. upto the date of the AGM.

This may be treated as an abstract of the terms of appointment of Mr. Dilip Kunkolienkar, Whole time Director of the Company, designated as Director Technical and Memorandum of Interest pursuant to Section 190 of the Act.

Item No. 7

Mr. Prafull Anubhai (DIN 00040837) was appointed as an Independent Director of the Company at the AGM held on July 12, 2014, to hold office upto March 31, 2019. In terms of Section 149 of the Act, his term as an Independent Director ends on March 31, 2019 and he is eligible for re-appointment as an Independent Director for a second term of five consecutive years on passing of a Special Resolution.

Mr. Anubhai being eligible offers himself for re-appointment. In the performance evaluation conducted for the financial year 2017-2018, the performance of Mr. Anubhai was evaluated to be satisfactory in the effective and efficient discharge of his role and responsibilities as an Independent Director of the Company. The Board and its Committees have benefitted from his relevant specialization and expertise. The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during his tenure, the continued association of Mr. Prafull Anubhai would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

Mr. Prafull Anubhai is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has also received a declaration from Mr. Prafull Anubhai that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings

In the opinion of the Board, Mr. Anubhai fulfils the conditions specified in the Act and Rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the Management.

The Company has received a notice in writing from a Member in terms of Section 160 of the Act proposing Mr. Anubhai's candidature for the office of Independent Director of the Company. The Board has proposed his candidature for re-appointment as an Independent Director of the Company for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024.

Details of his attendance of various Board and Committee Meetings held during the financial year 2017-2018 are included in the Corporate Governance Report of the Annual Report 2018.

Copy of the draft letter for re-appointment of Mr. Anubhai as an Independent Director, setting out the terms and conditions would be available for inspection without any fee, by the Members, at the Registered Office of the Company (Monday to Friday) from 11.00 a.m. to 1.00 p.m. upto the date of the AGM.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

Details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mr Prafull Anubhai, aged 80 years has served on the Board of Unichem since 1979. He is a management consultant and is associated with educational, research and cultural institutions like Indian Institute of Management (IIMA), Ahmedabad Education Society (AES), Centre for Science Technology and Policy (CSTEP), ATIRA, Saptak (An Indian Classical Music organization), etc. He is the former chairman of Board of Management of Ahmedabad University. He has done his B.Sc.(Econ.) from the London School of Economics and attended PMD at Harvard Business School. He has 32 years of experience in top management of Textile and other businesses. Presently he is a Director in Vardhman Textiles Limited and GRUH Finance Limited.

He is the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee and Member of the Corporate Social Responsibility Committee of Unichem respectively. Details of the Board and Committee meetings attended by him and the remuneration last drawn by him, which consists of sitting fees, is detailed in the Corporate Governance Report.

Mr. Anubhai holds 782 equity shares of the Company. Except Mr. Prafull Anubhai and his relatives none of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

The Board of Directors of your Company recommends the Special Resolution for re-appointment of Mr. Anubhai as an Independent Director for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024 for the approval by the Members of the Company.

Item No. 8

Mr Prafull Sheth (DIN 00184581) was appointed as an Independent Director of the Company at the AGM held on July 12, 2014, to hold office upto March 31, 2019. In terms of Section 149 of the Act, his term as an Independent Director ends on March 31, 2019 and he is eligible for re-appointment as an Independent Director for a second term of five consecutive years on passing of a Special Resolution.

Mr. Sheth being eligible offers himself for re-appointment. In the performance evaluation conducted for the financial year 2017-2018, the performance of Mr. Sheth was evaluated to be satisfactory in the effective and efficient discharge of his role and responsibilities as an Independent Director of the Company. The Board and its Committees have benefitted from his relevant specialization and expertise. The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during his tenure, the continued association of Mr. Sheth would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

Mr. Prafull Sheth is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has also received declaration from Mr. Prafull Sheth that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings.

In the opinion of the Board, Mr. Sheth fulfils the conditions specified in the Act and Rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the Management.

The Company has received a notice in writing from a Member in terms of Section 160 of the Act proposing Mr. Sheth's candidature for the office of Independent Director of the Company. The Board has proposed his candidature for re-appointment as an Independent Director of the Company for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024.

Details of his attendance of various Board and Committee Meetings held during the financial year 2017-2018 are included in the Corporate Governance Report of the Annual Report 2018.

Copy of the draft letter for re-appointment of Mr. Sheth as an Independent Director, setting out the terms and conditions would be available for inspection without any fee, by the Members, at the Registered Office of the Company (Monday to Friday) from 11.00 a.m. to 1.00 p.m. upto the date of the AGM.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

Details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mr. Prafull Sheth aged 79 years has been on the Board of Unichem Laboratories since 2003. He holds Bachelor's and Master's degrees in Pharmacy from the University of Missouri, USA.

Mr. Sheth is former Vice-President of International Pharmaceutical Federation and Founding Professional Secretary of FIP-WHO Forum of National Pharmaceutical Associations of Southeast Asia.

He has served the Federation of Asian Pharmaceutical Associations as Vice President and Indian Pharmaceutical Association and Indian Pharmaceutical Congress Association as President. He is the recipient of two Indian Pharmaceutical Association awards: the Acharya P. C. Ray Memorial Gold Medal (Bengal Branch) and prestigious M. L. Khorana Memorial Award for outstanding contribution to the profession of pharmacy. He has earned prestigious IRF Lifetime Achievement Award for his contribution in the field of pharmacy. Mr. Sheth has been recipient of Prof. M. L. Schroff National Award of Indian Hospital Pharmacists Association for his contribution to industrial pharmacyand pharmacy practice. Internationally, he has received FIP Industrial Pharmacy Section medal for meritorious contribution to the global pharmaceutical industry. Mr. Sheth is a Fellow of the International Pharmaceutical Federation, and Eminent Pharmacist and Fellow of

the Indian Pharmaceutical Association. He is associated with Patient Safety and Access Initiative of India Foundation. He has served Ranbaxy Laboratories Limited as its Executive Vice-President and Member Board. He is Vice President and Trustee of Shree Shree Anandamayee Sangha.

He is a member of the Audit Committee and Nomination and Remuneration Committee of the Company. He is not a Director in any other company. Details of the Board and Committee meetings attended by him and the remuneration last drawn by him which consists of sitting fees is detailed in the Corporate Governance Report.

Mr. Prafull Sheth holds 7,500 equity shares of the Company. Except Mr. Sheth and his relatives none of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 8.

The Board of Directors of your Company recommends the Special Resolution for re-appointment of Mr. Sheth as an Independent Director for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024 for the approval by the Members of the Company.

Item No. 9

Mr. Anand Mahajan (DIN 00066320) was appointed as an Independent Director of the Company at the AGM held on July 12, 2014, to hold office upto March 31, 2019. In terms of Section 149 of the Act, his term as an Independent Director ends on March 31, 2019 and he is eligible for re-appointment as an Independent Director for a second term of five consecutive years on passing of a Special Resolution.

Mr. Mahajan being eligible offers himself for re-appointment. In the performance evaluation conducted for the financial year 2017-2018, the performance of Mr. Mahajan was evaluated to be satisfactory in the effective and efficient discharge of his role and responsibilities as an Independent Director of the Company. The Board and its Committees have benefitted from his relevant specialization and expertise. The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during his tenure, the continued association of Mr. Mahajan would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

Mr. Anand Mahajan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has also received declaration from Mr. Anand Mahajan that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings .

In the opinion of the Board, Mr. Mahajan fulfils the conditions specified in the Act and Rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the Management.

The Company has received a notice in writing from a Member in terms of Section 160 of the Act proposing Mr. Mahajan's candidature for the office of Independent Director of the Company. The Board has proposed his candidature for re-appointment as an Independent Director of the Company for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024.

Details of his attendance of Board Meetings held during the financial year 2017-2018 are included in the Corporate Governance Report of the Annual Report 2018.

Copy of the draft letter for re-appointment of Mr. Mahajan as an Independent Director, setting out the terms and conditions would be available for inspection without any fee, by the Members, at the Registered Office of the Company (Monday to Friday) from 11.00 a.m. to 1.00 p.m. upto the date of the AGM.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

Details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mr. Anand Mahajan, aged 65 years, has served on the Board of Unichem since 2005. Mr. Mahajan graduated from St. Xavier's College, Mumbai, in 1973 with a B.A. (Honours) degree in Economics. He completed his Masters degree in Economics, from the University of Bombay in 1975. In 1983, he received an MBA from Cornell University, USA.

Mr. Mahajan started his career with State Bank of India in 1974 and served the Bank in various positions until 1981. On completion of his MBA in 1983, Mr. Mahajan joined Grindwell Norton. In 1988, he was elected as a Director on the Board of Grindwell Norton and in 1991, he became the Managing Director and continues in this position. He was appointed as the General Delegate of Compagnie de Saint Gobain in 1996. In the role of General Delegate, Mr. Mahajan is responsible for all the activities of and the development of the Saint-Gobain Group in the region. He is the Chairman of Saint-Gobain India Pvt. Ltd. and the Saint-Gobain India Foundation.

He is a member of the Company's Nomination and Remuneration Committee. Details of the Board meetings attended by him and the remuneration last drawn by him which consists of sitting fees is detailed in the Corporate Governance Report.

Mr. Mahajan holds 15,029 equity shares of the Company. Except Mr. Mahajan and his relatives none of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 9.

The Board of Directors of your Company recommends the Special Resolution for re-appointment of Mr. Mahajan as an Independent

Director for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024 for the approval by the Members of the Company.

Item No.10

The Board of Directors at its Meeting held on May 29, 2018, based on the recommendation of the Audit Committee, appointed Kishore Bhatia & Associates, Cost Accountants (Firm Registration No. 00294) Cost Accountants, Mumbai as Cost Auditors for undertaking Cost Audit of the Cost Accounting Records maintained by the Company for the financial year ending March 31, 2019, at a remuneration not exceeding ₹ 7.50 lakhs (Rupees Seven Lakhs and Fifty Thousand Only) plus applicable taxes and out of pocket expenses at actuals. The auditors have confirmed that they are eligible for appointment as Cost Auditors.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the said Cost Auditors is required to be ratified by the Members of the Company.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 10.

The Board of Directors recommends the Ordinary Resolution for your approval.

STATEMENT PURSUANT TO THE PROVISIONS OF PART II SECTION II (B) (IV) OF SCHEDULE V OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEM NOS. 4 AND 6 OF THE NOTICE

I GENERAL INFORMATION

1. Nature of Industry

Unichem is an international, integrated, specialty pharmaceutical company. It manufactures and markets a large basket of pharmaceutical formulations as branded generics as well as generics in several markets across the world. The Company has strong skills in product development, process chemistry and manufacturing of complex API as well as dosage forms. The Company has six plants situated at Roha and Kolhapur, Maharashtra; Goa; Baddi, Himachal Pradesh; Pithampur, Madhya Pradesh and Ghaziabad, Uttar Pradesh. The R&D Centre called the Center of Excellence (COE) is located at Goa. The Company has a global footprint including in US, Europe, Ireland, South Africa and Brazil.

2. Date or expected date of commencement of commercial production

The Company started commercial production in the year 1962.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

4. Financial performance based on given indicators

See **Table 1**.

5. Earnings in Foreign Exchange (accrual basis):

See **Table 2**.

6. Foreign investments or collaborations, if any

The Company does not have any foreign investment or collaborations except direct investments in five Wholly Owned Overseas Subsidiaries (WOS) and an Associate Company in India as given in **Table 3**.

(II) INFORMATION ABOUT THE APPOINTEE

Dr. Prakash A. Mody

1. Background details

Dr. Prakash A. Mody aged 65 years is the son of founder promoter, the late Mr. Amrut Mody. After graduating he completed his post graduation at University of Mumbai. He has done his PhD in organic chemistry. He is also a Graduate Alumni of Harvard Business School. He is the past president of the Indian Pharmaceutical Alliance;

(₹ in lakhs)

Table 1	2015-2016		2016-2017		2017-2018	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Total Income	125,885.39	136,738.97	58,421.53	70,417.06	73,261.65	87,940.31
Profit / (Loss) before Depreciation, Interest & Tax	16,498.72	18,262.42	(5,082.57)	(3,570.20)	(7,334.23)	(7,123.95)
Profit / (Loss)After Tax	10,060.04	10,810.74	(7,553.13)	(7,072.34)	(12,140.95)	(13,309.72)

Note:

a) Figures for the financial year 2015-2016 include continuing and discontinued business

b) Figures for the financial year 2016-2017 and 2017-2018 pertain to continuing business

(₹ in lakhs)

Table 2	2015-2016 Standalone	2016-2017 Standalone	2017-2018 Standalone
Foreign Exchange Earned (Accrual Basis)	43,564.01	52,984.04	59,711.07

Table 3. Name of the Wholly Owned Subsidiary (WOS) and Associate Company	(₹ in lakhs)
Niche Generics Limited, UK (WOS)	3,749.03
Unichem Farmaceutica Do Brasil Ltda, Brazil (WOS)	6,783.89
Unichem Laboratories Limited, Ireland (WOS)	886.95
Unichem Pharmaceuticals (USA) Inc (WOS)	3,098.82
Unichem SA (Pty) Limited, South Africa (WOS)	12.14
Synchron Research Services Pvt. Ltd (Associate)	569.31

the industry body representing research based National Pharmaceutical Companies.

2. **Past Remuneration**

Remuneration paid to Dr. Mody for the past three financial years is given in **Table 4**.

3. **Recognition or awards**

He is the past president of the Indian Pharmaceutical Alliance, the industry body representing research based National Pharmaceutical Companies.

4. **Job Profile and his suitability**

Dr. Mody has been the Executive Director of the Company since the year 1974. He provides leadership, strategic vision and direction to the Company's business operations and has rich and varied experience in the health care sector. He has the experience to handle diverse nature of businesses of the Company and the vision to take the business forward.

He is the Chairman of the Corporate Social Responsibility Committee and member of the Company's Stakeholders' Relationship Committee. He is also a Director on the Board of the Company's Wholly Owned Subsidiary, Unichem Pharmaceuticals (USA) Inc.

Dr. Mody is an Independent Director of Kewal Kiran Clothing Limited and is a member of the Nomination and Remuneration Committee of the said Company.

Details of the Board and the Committee meetings attended by him are given under Corporate Governance Report.

Considering his qualifications, vast experience and deep knowledge of the pharmaceutical business, the remuneration proposed is commensurate with his job profile and is justified.

5. **Remuneration proposed**

The remuneration proposed to be paid to Dr. Prakash A. Mody is provided in Item No. 4 of the Notice and is detailed in the statement given herein above.

6. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of origin)**

The remuneration payable has been recommended by the Nomination and Remuneration Committee and considered by the Board of Directors at its meeting held on May 29, 2018 and has been benchmarked with the remuneration being drawn by peers in similar capacity in Pharmaceutical Companies of comparable size.

The profile of Dr. Mody as mentioned hereinabove, his responsibilities, complex business operations, industry benchmark and size of the Company justify the payment of the said remuneration

7. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

Dr. Mody holds 3,24,19,392 equity shares of the Company. He has no other pecuniary relationship with the Company except to the extent of his remuneration and shareholding in the Company and that held by his relatives who are the members of the promoter group namely his spouse Ms. Anita Mody, and his daughters Ms. Supriya Mody and Ms. Suparna Mody. Ms. Supriya Mody, is holding office or place of profit in the Company under Section 188(1)(f) of the Act and is currently designated as Business Head – ACASIA.

He is not related to any other Director or the Key Managerial Personnel of the Company.

Mr. Dilip Kunkolienkar

1. **Background details**

Mr. Dilip Kunkolienkar aged 67 years is a Bachelor of Pharmacy from Bombay University. He has more than 44 years of rich exposure at various positions in the Pharmaceutical Industry in various leading Pharmaceutical houses like Richardson Hindustan Ltd., Geigy Ltd., Raptakos Brett Co. Ltd., and German Remedies Ltd.

Before the said appointment Mr. Kunkolienkar served as Vice President – Global Generics & Compliance at the Company with additional charge of rendering formulation Operation and Technical services to Unit Heads and the Management.

At the Board Meeting held on March 31, 2018 Mr. Kunkolienkar was appointed as Additional Director of the Company with effect from April 1, 2018 to hold office till the ensuing Annual General Meeting wherein he will be proposed to be appointed as a Director retiring by rotation. At the said Board Meeting he was also appointed as a Whole time Director of the Company designated as Director Technical with effect from April 1, 2018 upto March 31, 2023. He is also appointed as a Member of the Audit Committee of the Company with effect from May 29, 2018.

Table 4. (₹ in lakhs)

Financial Year	Commission	Consolidated Salary	Perquisites and Allowances	Total Amount
2015-2016	124.03	362.89	12.02	498.95
2016-2017	134.90	412.38	12.03	559.31
2017-2018	Nil*	131.28	12.03	143.31

* Due to inadequate profits no commission is payable for the year under review

Table 5. (₹ in lakhs)

Financial Year	Consolidated Salary	Perquisites and Allowances	Total Amount
2015-2016	65.07	26.17	91.24
2016-2017	67.85	31.29	99.15
2017-2018	187.57	43.22	*230.79

* Includes one-time incentive paid on sale of the Company's domestic business

2. **Past Remuneration**

Remuneration drawn by Mr. Dilip Kunkolienkar over the past three financial years as an employee of the Company is given in **Table 5**.

3. **Recognition or awards**

Not Applicable

4. **Job Profile and his suitability**

Mr. Kunkolienkar has diverse experience in the manufacture of tablets, capsules, parenterals, oral solid and liquid dosage forms, suppositories of various forms; with an additional exposure to Bio- studies, Product Viabilities, Planning, General Administration, Documentation, Regulatory Audits, Capex/Revenue budgeting and R&D and API Marketing.

He is a member of the Audit Committee of the Company. He also serves as a Director in the Company's Wholly Owned Subsidiary namely Unichem Pharmaceuticals (USA) Inc. He also is a Director in Synchron Research Services Private Limited, a reputed contract research organization. Mr. Kunkolienkar is not related to any Director of the Company. He currently holds 34,288 equity shares of the Company.

Considering his qualifications, vast experience and deep knowledge of pharmaceutical business the remuneration proposed is commensurate with his job profile and is justified.

5. **Remuneration proposed**

The remuneration proposed to be paid to Mr. Kunkolienkar is provided in Item No. 6 of the Notice and is detailed in the statement given herein above.

6. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of origin)**

The remuneration payable has been considered by the Nomination and Remuneration Committee at its meeting held on March 31, 2018 duly revised on May 29, 2018 and has been benchmarked with the remuneration being drawn by peers in similar capacity in Pharmaceutical Companies of comparable size.

7. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

Mr. Kunkolienkar has no other pecuniary relationship with the Company except to the extent of his remuneration and shareholding in the Company and that held by his relatives. He is not related to any Directors or Key Managerial Personnel of the Company.

(III) OTHER INFORMATION

1. **Reasons of loss or inadequate profits**

On December 14, 2017 the Company sold and transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal, together with all specified tangible and intangible assets, contracts, rights, personnel and employees, data and records, inventory and other assets and liabilities by way of slump sale on a going concern basis, to Torrent Pharmaceuticals Limited, upon terms and conditions, as mutually agreed by the Parties.

The Company now focuses on the international market and Research & Development (R & D), with enhanced investment in R & D.

On account of the above, it is expected that there will be loss/inadequacy of profits as per Section 198 of the Companies Act, 2013 for payment of managerial remuneration.

2. **Steps taken or proposed to be taken for improvement**

The Company proposes to

- focus attention on all aspects of the international business including finished formulations, API, contract manufacturing and contract research;
- increase its investments in R&D in the New Chemical and Biological Entities (NCE & NBE), Bio-similars and complex generics;
- control operating expenses and overheads across the organization; and
- initiate various measures towards achieving organizational and operating efficiencies and strengthening core competencies.

3. **Expected increase in productivity and profits in measurable terms**

In addition to steps proposed to be taken for improvement as detailed hereinabove, key focus areas would be profit maximization, conservation of cash, operational efficiencies, cost and working capital containment. While it is difficult to give precise figures, the above initiatives are expected to improve further the productivity and profitability.

IV. DISCLOSURES

The disclosures on remuneration package of each managerial person and details of all elements of remuneration package, details of fixed components etc. are given in the Notice above and the Corporate Governance Report.

By order of the Board of Directors,

For **Unichem Laboratories Limited**

Neema Thakore

Mumbai — Head – Legal & Company Secretary

May 29, 2018 — Membership No.: F3966

Registered Office:

Unichem Bhavan, Prabhat Estate, Off S. V. Road

Jogeshwari (West), Mumbai – 400 102

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the 55th Annual Report on the business and operations of your Company for the financial year ended March 31, 2018.

Financial Highlights

The table below gives the financial highlights of the Company for the year ended March 31, 2018 on Standalone basis as compared to the previous financial year.

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Revenue from operations (inclusive of excise duty upto June 2017)	66,973.05	57,702.28
Other Income	6,288.60	719.25
Total Income	**73,261.65**	**58,421.53**
Profit/(Loss) before tax	**(12,155.04)**	**(9,223.46)**
Current tax	-	(1,408.08)
Deferred tax	1,257.90	(262.25)
Short/(Excess) provision for tax (earlier years)	(1,271.99)	-
Profit/(Loss) for the year from continuing operations	**(12,140.95)**	**(7,553.13)**
Profit/(Loss) from discontinued operations		
A. Profit/(Loss) from discontinued operations	15,358.12	22,383.15
B. Gain on sale of identified business (net)	321,731.05	-
Profit/(Loss) for the year from discontinued operations (A+B)	**337,089.17**	**22,383.15**
Tax on discontinued operations	69,288.37	4,443.30
Profit/(Loss) from discontinued operations (after tax)	**267,800.80**	**17,939.85**
Profit/(Loss) for the year	**255,659.85**	**10,386.72**
Total Comprehensive Income	**255,479.77**	**10,263.19**

Review of Operations

During the year under review, Standalone Sales/Income from operations (Gross) increased to ₹ 66,973.05 lakhs (continuing operations) from ₹ 57,702.28 lakhs (continuing operations) in 2016-2017, registering a growth of 16.07%. Consolidated Sales/Income from Operations (Gross) stood at ₹ 81,839.69 lakhs (continuing operations) in 2017-2018 as compared to ₹ 69,866.67 lakhs (continuing operations) in 2016-2017, registering an increase of 17.14%.

Sale of Domestic Business

The Company, in December 2017, transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal, and the manufacturing facility at Sikkim together with all specified tangible and intangible assets, contracts, rights, personnel and employees, data and records, inventory and other assets and liabilities as agreed between the parties in relation to the said business ("Identified Business") by way of slump sale on a going concern basis, to Torrent Pharmaceuticals Limited on mutually agreed terms and conditions.

The Company received a consideration (net of incidental expenses) of ₹ 335,428.62 lakhs subject to tax. Gain on sale of Identified Business (net) amounting to ₹ 321,731.05 lakhs was recognized during the financial year 2017-2018. These funds have been utilized for Buyback of the Company's shares (as reported in detail below) and for the Company's operations. Surplus funds have been invested as per the Company's investment policy.

Going forward Unichem will:

- focus attention on all aspects of the international business including finished formulations, API, contract manufacturing and contract research;
- increase investments in R&D in the New Chemical and Biological Entities (NCE & NBE), Bio-similars and complex generics;
- initiate various measures towards achieving organizational and operating efficiencies and strengthening core competencies.

Buyback of equity shares

In March 2018, the Company bought back 2,06,00,000 (two crore six lakhs only) fully paid-up equity shares of the face value of ₹ 2/- each, representing 22.65% of the total number of equity shares in the issued, subscribed and paid-up equity share capital of the Company, from the existing shareholders / beneficial owners of equity shares of the Company as on the Record Date (February 16, 2018), on a proportionate basis (subject to small shareholder reservation), through the "Tender Offer" route at a price of ₹ 430/- (Rupees four hundred and thirty only) per equity share for an aggregate amount of ₹ 8,85,80,00,000/- (Rupees eight hundred eighty five crores eighty lakhs only). The buyback offer opened on March 7, 2018 and closed on March 20, 2018. The buyback consideration was paid to the eligible shareholders on March 27, 2018. Post Buyback, the paid-up share capital has reduced from 9,09,37,000 to 7,03,37,000 equity shares having a face value of ₹ 2/ each. Details of the shareholding pattern post buyback are given in the Corporate Governance Report.

Appropriations

An amount of ₹ 255,659.85 lakhs is proposed to be carried forward in the Profit & Loss Account. An amount of ₹ 412 lakhs was transferred to Capital Redemption Reserve. No amount was transferred to General Reserve.

Dividend

The Board has recommended a dividend of ₹ 5/- (250 %) per equity share of ₹ 2/- each for the year ended March 31, 2018 for

the approval of the Members at the ensuing Annual General Meeting (AGM). The Register of Members and Share Transfer Books shall remain closed from Monday, July 23, 2018 to Saturday, July 28, 2018 (both days inclusive) for the purpose of AGM and dividend, if approved by the Shareholders. The AGM of the Company is scheduled for Saturday, July 28, 2018.

Employees Stock Option Scheme 2008

During the year under review, 60,475 options having a face value of ₹ 2/- each were exercised and the same were allotted (on *pari passu* basis) under the Employees Stock Option Scheme - 2008. Details of the Employees Stock Option Scheme - 2008 are set out as Annexure A to this Report.

Employees Stock Option Scheme 2018

The Shareholders vide Special Resolutions dated May 15, 2018 approved the Unichem Employee Stock Option Scheme 2018 (Scheme) for the employees of the Company and of its subsidiary company (ies) and setting up Unichem Employee Welfare Trust(s) for implementing the Scheme. The maximum number of Employee Stock Options that can be granted under the Scheme shall not exceed 52,75,275 equity shares (Fifty two lac, seventy five thousand, two hundred and seventy five), i.e., 7.50% of the issued, subscribed and paid-up equity share capital of the Company as on March 31, 2018 (as adjusted for any corporate action and/or change in the capital structure) at such price or prices and such other terms and conditions as may be determined by the Board or the Nomination and Remuneration Committee from time to time. Process for seeking in principle listing approval from the Stock Exchanges is under way.

Research and Development (R&D)

Kindly refer to the write up in the section, Management Discussion and Analysis.

Management Discussion and Analysis

A detailed review on the operations and performance of the Company is given in the Management Discussion and Analysis, which forms part of this Annual Report.

Corporate Governance

A detailed report on Corporate Governance as required under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), forms part of this Annual Report. The Auditors' Certificate on compliance with the conditions of Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

Consolidated Financial Statements

The Annual Audited Consolidated Financial Statements together with the Report of the Auditors' thereon, forms part of this Annual Report.

Review of Subsidiaries and Associates

Your Company has 5 (five) Subsidiaries and one Associate Company. A statement containing salient features of the Financial Statements of the Subsidiaries and Associate Company, pursuant to Section 129 of the Companies Act, 2013 (the Act), and Rules made thereunder, is annexed to this Report as Annexure B in the prescribed Form AOC -1 and hence not repeated here for the sake of brevity.

Synchron Research Services Private Limited (Synchron) is an Associate Company in terms of Section 2 (6) of the Act. Synchron is a leading contract research organization in India which offers competitive and high quality clinical trial services to domestic and international pharmaceutical and bio-pharmaceutical companies. Your Company avails such services from Synchron from time to time.

On internal assessment of long term strategic investments made by the Company in its Wholly Owned Subsidiary, Unichem Farmaceutica Do Brazil Ltda., considering its past performance, results, assets, expected cash flows, projections and having confidence in the business model and strategy of the said Subsidiary achieving its goals given favourable business opportunities, the management has determined an amount of ₹ 511.71 lakhs as diminution for the year (previous year ₹ 2,690.78 lakhs). This has resulted in an aggregate impairment loss of ₹ 6,783.89 lakhs (previous year ₹ 6,272.19 lakhs) on total investment of ₹ 6,783.89 lakhs made therein.

Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

Deposits

The Company has not accepted any deposits within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

Risk Management

The Company has formulated a policy on Risk Management. Risks are classified in different categories such as Financial, Operational, Legal and Strategic risks. A risk register is prepared for identification of risk and formulating mitigation plans.

Directors and Key Managerial Personnel

Dr. Prakash A. Mody is the Chairman & Managing Director of the Company.

Dr. Prakash A. Mody (DIN 00001285) was re-appointed as Chairman & Managing Director of the Company for a tenure of five years with effect from July 1, 2013 upto June 30, 2018 and approval of the members of the Company was duly obtained at the Annual General Meeting of the Company held on July 19, 2013. The tenure of his appointment will end on June 30, 2018. In accordance with the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on May 29, 2018, re- appointed Dr. Prakash A. Mody as the Chairman & Managing Director of the Company for a period of five years with effect from July 1, 2018 upto June 30, 2023, subject to the approval of the Members at the ensuing AGM and approval of the Central Government, if required.

The Board of Directors at its meeting held on March 31, 2018, based on the recommendation of the Nomination and Remuneration Committee appointed Mr. Dilip Kunkolienkar, (DIN 02666678) as an Additional Director of the Company with effect from April 1, 2018, to hold office upto the date of the ensuing Annual General Meeting wherein he is proposed to be appointed as a Director of the Company, liable to retire by rotation.

At the said Board meeting Mr. Kunkolienkar was also appointed as a Whole Time Director of the Company designated as Director Technical, for a period of five years with effect from April 1, 2018 upto March 31, 2023, subject to the approval of the Members at the ensuing AGM and approval of the Central Government, if required.

Dr. Prakash A. Mody retires by rotation at the ensuing AGM in terms of the provisions of Section 152 of the Act. The Act provides that Independent Directors are not subject to retirement by rotation and two thirds of the remaining Directors shall be subject to retirement by rotation. Since all the Directors except Dr. Mody and Mr. Kunkolienkar are Independent Directors, Dr. Mody being longest in office will retire by rotation and being eligible offers himself for re-appointment.

Mr. Ramdas Gandhi, Independent Director of the Company resigned with effect from May 29, 2018 due to advanced age. The Board places on record its deep appreciation for the services rendered by Mr. Ramdas Gandhi during his tenure with the Company.

Mr. Prafull Anubhai, Mr. Prafull Sheth and Mr. Anand Mahajan's first term as Independent Directors of the Company will expire on March 31, 2019. Based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, it is proposed to re-appoint Mr. Prafull Anubhai, Mr. Prafull Sheth and Mr. Anand Mahajan as Independent Directors, for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024.

All Independent Directors have furnished declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act and the Listing Regulations.

Attention of the Members is invited to the relevant items in the Notice of the AGM seeking your approval to the aforesaid appointment/ re-appointments. The information required under Regulation 36 of the Listing Regulations is provided in the Notice of the 55th AGM and the statement annexed thereto.

Dr. Prakash A. Mody, Chairman & Managing Director, Mr. Rakesh Parikh, Chief Finance & Compliance Officer and Ms. Neema Thakore, Head - Legal & Company Secretary were the Key Managerial Personnel during the financial year.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3) (c) of the Act:

1. that in preparation of annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and no material departures, have been made from the same;
2. that such accounting policies have been selected and applied 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 the Company as at March 31, 2018 and profit/loss for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a going concern basis;
5. that the internal financial controls were in place and that they were adequate and operating effectively; and
6. that systems to ensure compliance with the provisions of all applicable laws were devised and such systems were adequate and operating effectively.

Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, performance evaluation of the Board, it's Committees, the Chairman & Managing Director and the Independent Directors was carried out. The manner in which the evaluation is carried out has been explained in the Corporate Governance Report.

Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has adopted a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management. The details of this Policy are provided in the Corporate Governance Report.

Meetings

During the year, eight Board Meetings were held, the details of which are given in the Corporate Governance Report.

Audit Committee

The constitution of the Audit Committee, its scope, role and terms of reference are as per the provisions of the Act, the Rules made thereunder and the Listing Regulations. All the recommendations made by the Audit Committee were accepted by the Board of Directors. Pursuant to the resignation of Mr. Ramdas Gandhi, Independent Director and member of the Audit Committee, with effect from May 29, 2018, the said Committee has been re-constituted, details of which are provided in the Corporate Governance Report.

Whistle Blower Policy

The Company has in place a Whistle Blower/Vigil Mechanism through which its Stakeholders, Directors and Employees can report genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's 'Code of Business Conduct and Ethics'. The said Policy provides for adequate safeguards against victimization and also direct access to the Audit Committee. The e-mail id for reporting genuine concerns is whistleblower@unichemlabs.com

Significant and Material orders passed by the Regulators/Courts/Tribunals

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and its operations in the future.

However, the Board of Directors would like to inform that on July 9, 2014, the European Commission decided to impose an unjustified fine of € 13.97 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd., (Niche) contending that they have acted in breach of EU competition law as Niche had, in early 2005 (when the Company was only a part owner and financial investor in Niche) agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche have submitted appeals in September 2014, to the EU General Court seeking appropriate relief in the matter. Your Company has challenged this order and the proceedings are currently ongoing.

Material changes and commitment, if any, affecting the financial position of the Company from the end of the financial year till the date of this Report

There have been no material changes and commitments, affecting the financial position of the Company between the end of the financial year to which the Financial Statements relate and the date of this Report.

Related Party Transactions

During the year under review, approval of the Audit Committee and Board of Directors was sought for Related Party Transactions wherever required.

The Audit Committee has given prior approval for all Related Party Transactions. The Policy on Related Party Transactions (Policy) as approved by the Board is uploaded on the Company's website and the weblink is provided in the Corporate Governance Report. The Board of Directors of the Company has approved the criteria for omnibus approval of Related Party Transactions by the Audit Committee within the overall framework of the Policy.

The particulars of contracts or arrangements with Related Parties referred to in Section 188(1) of the Act are provided, in the prescribed Form AOC - 2 annexed as Annexure C to this Report.

Except to the extent of the shares held in the Company and the remuneration if any, drawn from the Company, none of the Directors and Key Managerial Personnel have any pecuniary relationships or transactions *vis-à-vis* the Company.

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

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the workplace. All women employees (permanent, temporary, contractual and trainees) are covered under this Policy. The Company had received one complaint during the year under review and the same has been redressed in terms of the Policy.

Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014, N. A. Shah Associates LLP (Firm Registration No. 116560W/W100149), Chartered Accountants, were appointed as Statutory Auditors of the Company, to hold office from the conclusion of the 54th Annual General Meeting (AGM) until the conclusion of 59th AGM, subject to ratification by Members at every subsequent AGM.

The provisions of Section 139 of the Act have been amended by the Companies (Amendment) Act, 2017 and notified with effect from May 7, 2018. In terms of the said amendment, ratification of the appointment of the Auditors by Members at every subsequent AGM is no longer required. In view of this, no resolution is proposed for ratification of the appointment of the Auditors at the ensuing AGM.

N. A. Shah Associates LLP, (Firm Registration No. 116560W/W100149), Chartered Accountants, have confirmed that they are not disqualifying from continuing as Statutory Auditors of the Company.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act and therefore no details are disclosed under Section 134 (3)(ca) of the Act.

Cost Auditors

The Board of Directors at its Meeting held on May 29, 2018, based on the recommendation of the Audit Committee, appointed Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294); as Cost Auditors for undertaking Cost Audit of the Cost Accounting Records maintained by the Company for the financial year 2018-2019 at a remuneration not exceeding ₹ 7.50 lakhs (Rupees Seven Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses at actuals. The said Auditors have confirmed their eligibility for appointment as Cost Auditors. The remuneration payable to the said Cost Auditors is required to be placed before the Members at the ensuing AGM for ratification and a suitable Resolution has been set out in the Notice of the 55th AGM. The Cost Audit Report for the year ended March 31, 2017 was filed with the Ministry of Corporate Affairs on September 5, 2017.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Rules made thereunder, the Company has appointed Alwyn Jay & Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure D to this Report. There is no qualification, reservation, adverse remark or disclaimer in the said Report.

During the year under review, the Secretarial Auditors have not reported any matter under Section 143 (12) of the Act, and therefore no details are disclosed under Section 134 (3)(ca) of the Act.

Internal control systems and their adequacy

Kindly refer to the write up in the section Management Discussion and Analysis.

Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 134 (3)(m) of the Act and Rules made thereunder are set out in Annexure E to this Report.

Dividend Distribution Policy

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy which forms part of this Annual Report as Annexure F and is also available on the Company's website https://unichemlabs.com/policies-code-of-conduct/dividend-distribution-policy/

Extract of Annual Return

Form MGT-9 providing an extract of the Annual Return in terms of Section 92 of the Act and the Rules made thereunder, is annexed as Annexure G to this Report.

Particulars of Employees and related disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are annexed as Annexure H to this Report.

In terms of the provisions of Section 197(12) of the Act and Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, containing details of employees remuneration forms part of this Report as Annexure J. However, as per the provisions of Sections 134 and 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding the information on employees particulars, which is available for inspection at the Registered Office of the Company as per details mentioned in the Notice of the 55th AGM. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the Company's Registered Office.

Human Resources and Employee Relations

Kindly refer to the write up in the section. Management Discussion and Analysis.

Quality and Environment

Your Company's mission envisages a strong sense of commitment to work by being a caring pharmaceutical company, which will continuously strive to enhance health through quality products. Your Company aims at consistently providing products that meet customer needs as well as national and international regulatory requirements, as may be applicable. Your Company has been steadily raising the bar, setting higher goals for incremental performance and enlarging the scope of its initiatives. The environmental policy of your Company emphasizes at being a caring Company, which shall protect and promote the environment by complying with applicable environmental regulations and preventing pollution in all its operations.

Various initiatives are taken at your Company's manufacturing locations to reduce waste across the plants and reduce usage of paper by recycling waste paper. Training programs are organized from time to time to create environmental awareness amongst the employees. To conserve water, your Company has devised various water saving methods which are monitored on a day to day basis.

Your Company continues to strive for energy saving and conservation of natural resources. In all its Active Pharmaceutical Ingredient (API) Plants your Company has installed online effluent monitoring equipment which is connected to the system of the Central Pollution Control Board.

Your Company is in the process of commissioning advanced Effluent Treatment Systems to control the usage of polluted effluent which will improve quality of effluent discharge. Your Company has initiated a study to install a cleaner form of energy, namely solar energy.

At the manufacturing units, several green initiatives have been undertaken, most significant being soil conservation, recycling of treated effluent water and using solar energy for street lighting.

Corporate Social Responsibility (CSR)

Your Company believes in the philosophy of giving back. Being in the pharmaceutical industry your Company's primary focus is healthcare. Education, sanitation, protection of environment, general welfare and development are the other areas in which your Company concentrates its CSR activities. While the focus of CSR efforts will be in the areas around the Company's locations, the Company may also undertake projects looking into other societal needs. The CSR policy is available on the website of the Company and the Annual Report on CSR activities, as required under Section 135 of the Act, is annexed as Annexure I to this Report. The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act.

During the year under review, the total amount to be spent on CSR was ₹ 272.99 lakhs. The Company spent ₹ 92.49 lakhs which is 0.67 % of the average profits, for the last three financial years. Balance amount of ₹ 180.50 lakhs remained unspent.

The Company could not spend the balance amount since it is in the process of identifying appropriate CSR programs/projects in line with its CSR policy. Further, certain funds even though allocated to approved educational and health projects by the CSR Committee, were not disbursed since there was no requirement for these funds from the organizations/institutions during the year under review.

The Company plans to scale up its CSR activities in areas of education, health, environment protection, sanitation, general welfare and development activities in a structured manner to meet the objectives of its CSR policy in the coming years.

Business Responsibility Report

Regulation 34(2) of the Listing Regulations, *inter alia*, provides that the Annual Report of the Top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR"). Since your Company, does not feature in the Top 500 listed entities as per market capitalization as on March 31, 2018, the Business Responsibility Report for the financial year 2017-2018 does not form a part of the Annual Report.

Health and Safety

Health and Safety issues are addressed systematically, effectively and proactively. Your Company takes pride in providing various forms of medical assistance to the families of its employees. Periodic health check-ups are carried out for all employees and regular training programs are organized on safety and precautionary measures. Fire fighting training programs and first aid training camps are organized regularly to educate workers and employees at the plant locations and corporate office.

Acknowledgement

Your Directors acknowledge the support and wise counsel extended to the Company by analysts, bankers, Government agencies, shareholders, investors, suppliers, distributors, stockists, employees and others associated with the Company as its business partners. Your Directors also acknowledge the trust reposed in the Company by the medical fraternity and patients. We look forward to having the same support in our mission to enhance health through quality products.

Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody

Mumbai — Chairman & Managing Director

May 29, 2018 — (DIN 0001285)

Annexure A to Directors' Report

Disclosures in the Directors' Report on Employees Stock Option Scheme- 2008

The details of Stock Options are given herein below:

Particulars	ESOP – 2008
a. Options granted	1,25,000 (in 2008-2009) 7,43,750 (in 2009-2010) 2,25,000 (in 2013-2014)
b. The pricing formula	@ ₹ 46/- per equity share of face value of ₹ 2/- each
c. Options vested	7,99,501
d. Options exercised	7,68,251
e. The total number of shares arising as a result of exercise of options	7,68,251
f. Options lapsed*	2,56,749
g. Variation of terms of options	Nil
h. Money realised by exercise of options	₹ 3,53,39,546
i. Total number of options in force	31,250
j. Employee wise details of options granted during the year:	
i. Senior Managerial Personnel	Nil
ii. Any other employee who received 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 options, during 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
k. Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Indian Accounting Standard 33 'Earnings per share'.	Diluted EPS per equity share (as per Standalone Accounts): ₹ 281.70 (for discontinued and continuing operations)
l. Difference between employee compensation cost calculated as per intrinsic value of stock options and fair value of the options. Impact of the difference on profits and EPS.	Not Applicable

m. Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock:

	For Options granted on 26.3.2009	For Options granted on 17.6.2009	For Options granted on 8.3.2014
- Weighted average price (₹)	115.00	115.00	46.00
- Weighted average Fair value (₹)	68.13	102.05	149.49

n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:

	For Options granted on 26.3.2009	For Options granted on 17.6.2009	For Options granted on 8.3.2014
- Risk free interest rate (%)	5.3200	4.6244	9.0109
- Expected life (Years)	5	5	5
- Expected volatility (%)	41.00	41.20	26.47
- Expected dividend yield (%)	3.70	3.80	3.80
- The price of the underlying share in the market at the time of option grant (₹)	160.05	211.50	221.90

*Options due to employees who are no longer associated with the Company.

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Mumbai
May 29, 2018

Annexure B to Directors' Report

FORM AOC-1

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

Part "A" : Subsidiaries

(₹ in lakhs)

1	Name of the Subsidiary	Unichem Farmaceutica Do Brasil Ltda.	Unichem Laboratories Limited, Ireland	Unichem Pharmaceuticals (USA) Inc.	Niche Generics Limited	Unichem S.A (Proprietary) Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 2017 to March 2018	April 2017 to March 2018	April 2017 to March 2018	April 2017 to March 2018	April 2017 to March 2018
3	Reporting currency	BRL	EURO	USD	GBP	SAR
4	Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	1 BRL = ₹ 19.60	1 EURO = ₹ 80.66	1 USD = ₹ 65.11	1 GBP = ₹ 92.13	1 SAR = ₹ 5.43
5	Share Capital	6,783.89	871.69	2,951.92	242.32	12.14
6	Reserves & surplus	(6,421.85)	(1,264.97)	885.82	(5,971.75)	(19.30)
7	Total Assets	901.72	1,471.87	22,298.40	5,265.06	185.98
8	Total Liabilities	539.67	1,865.15	18,460.65	10,994.50	193.14
9	Investments	-	-	-	-	-
10	Turnover	1,013.19	521.37	37,428.91	8,550.18	418.66
11	Profit/ (Loss) before Taxation	520.31	(198.52)	192.60	(2,111.66)	4.44
12	Provision for Taxation	72.05	-	274.77	-	1.50
13	Profit/ (Loss) after Taxation	(448.26)	(198.52)	(82.17)	(2,111.66)	2.95
14	Proposed Dividend	Nil	Nil	Nil	Nil	Nil
15	% of share holding	100	100	100	100	100

Notes:
1. Names of Subsidiaries which are yet to commence operations: None
2. Names of Subsidiaries which have been liquidated or sold during the year: None

Part "B": Associates and Joint Ventures

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

1	Name of the Associate Company	Synchron Research Services Private Limited
2	Latest audited Balance Sheet Date	March 31, 2017
3	Shares of Associate held by the company on the year end:	
	No. of shares	2,08,333
	Amount of investment in Associate	₹ 569.31 lakhs
	Extend of Holding %	32.11%
4	Description of how there is significant influence	Percentage of holding of share capital
5	Reason why the associate is not consolidated	Not Applicable
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 116.10 lakhs
7	Profit/Loss for the year:	
	i. Considered in Consolidation (as per unaudited financial statements for FY 2017-18)	₹ (22.32) lakhs
	ii. Not considered in Consolidation	NA

Notes:
1. Names of Associates which are yet to commence operations: None
2. Names of Associates which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors,

	Rakesh Parikh Chief Finance & Compliance Officer	**Neema Thakore** Head - Legal & Company Secretary	**Dr. Prakash A. Mody** Chairman & Managing Director (DIN 00001285)	**Prafull Anubhai** Director (DIN 00040837)
Mumbai May 29, 2018				

Annexure C to Directors' Report

AOC - 2
Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014

Disclosure of particulars of contract/arrangement entered into by the Company with Related Parties referred to in Sub- Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contract or arrangement or transaction not on arm's length basis

a. Name of Related Party and nature of relationship	Ms. Supriya Mody, daughter of Dr. Prakash A. Mody, Chairman & Managing Director.
Nature of contract/arrangement /transaction	Increase in remuneration payable to Ms. Supriya Mody already holding office or place of profit in the Company under Section 188 (1)(f) of the Companies Act, 2013.
Duration of the contract/arrangement/transaction	Ongoing
Salient terms of the contract or arrangement or transaction including the value, if any	Increase in remuneration payable to Ms. Supriya Mody, upto to a sum not exceeding ₹ 65 lakhs (Rupees Sixty Five Lakhs Only) in a financial year starting from April 1, 2015 inclusive of perquisites ("Maximum Remuneration").
Justification of entering into such contract or arrangement or transaction	Ms. Supriya Mody holds an MBA degree from London Business School and Bachelors degree in Business Administration from the Ross School of Business, USA. She also holds Post Graduate Certificate in Financial Markets Module from Association of Mutual Funds of India. Prior to joining Unichem Laboratories Limited, she has rich experience and successful career behind her having worked in organizations like Merrill Lynch, Tower Capital & Securities Private Limited and ASK Raymond James Securities (I) Private Limited. Ms. Mody is currently working as Business Head-ACASIA. Her present role is crucial to provide impetus to the expanding International Business in the emerging market business of the Company. She is focusing on tapping the potential markets and reports to the Chairman & Managing Director. The said transaction is in the ordinary course of business, but not on arms' length basis.
Date of approval by the Board	May 9, 2015
Amount paid as advances, if any	Nil
Date on which the Ordinary Resolution was passed	July 11, 2015

b. Name of Related Party and nature of relationship	Synchron Research Services Pvt. Ltd. (Synchron) Associate Company of Unichem Laboratories Limited
Nature of contract/arrangement /transaction	Leasing of Unichem's premises located at Rituraj, Moje Bodakdev, Taluka Ahmedabad to Synchron
Duration of the contract/arrangement/transaction	February 1, 2017 to January 31, 2019
Salient terms of the contract or arrangement or transaction including the value, if any	Rent of ₹ 3.33 lakhs p.m. for the period from February 1, 2017 to January 31, 2019 with a security deposit of ₹ 7.50 lakhs.
Justification of entering into such contract or arrangement or transaction	Synchron is a leading contract research organization in India which offers competitive and high quality clinical trial services to domestic and international pharmaceutical and bio-pharmaceutical companies. Your Company avails such services from Synchron from time to time. This Related Party Transaction is on arms length basis but is not in the ordinary course of business.
Date of approval by the Board	April 1, 2017
Amount paid as advances, if any	Nil
Date on which the Ordinary Resolution was passed	Not Applicable

2. Details of material contract or arrangement or transaction on arm's length basis

The details of material contract or arrangement or transaction on arm's length basis for the year ended March 31, 2018 are as follows:

Name of Related Party	Unichem Pharmaceuticals (USA) Inc., a Wholly Owned Subsidiary (WOS) of the Company
Nature of contract/arrangement/transaction	Sale of finished goods
Duration of the contract/arrangement/transaction	Ongoing
Salient terms of the contract or arrangement or transaction including the value, if any	Sale of finished goods to the said WOS during the financial year 2017-2018 was ₹ 29,105.22 lakhs. These transactions were on arm's length basis and in the ordinary course of business.
Date of approval by the Board	Not Applicable
Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Mumbai
May 29, 2018

Annexure D to Directors' Report

Form No. MR. 3
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
Unichem Laboratories Limited

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

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

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

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

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

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

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
   (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   (e) 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;
   (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: Not applicable as the Company has not issued any debt securities during the year under review;
   (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
   (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: Not applicable as the Company has not delisted/nor proposed to delist its equity shares during the year under review and
   (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

(vi) Based on the representation made by the management of the Company, the following Laws were/are specifically applicable to the Company:
   1. Drugs and Cosmetics Act, 1940
   2. Drugs Pricing Control Order, 2013
   3. The Pharmacy Act, 1948
   4. Trade Marks Act, 1999
   5. Indian Copyright Act, 1957
   6. The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
   7. The Narcotic Drugs and Psychotropic Substances Act, 1985 and
   8. Food Safety and Standards Act, 2006

The Company has complied with abovementioned specific applicable Laws, Rules, Regulations and Guidelines and other applicable general Laws, Rules, Regulations and Guidelines.

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

(i) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and

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

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards etc as mentioned above and there are no material non-compliances that have come to our knowledge. We further report that:

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

Adequate notice is given to all Directors to schedule Board Meetings. Agenda and detailed notes on agenda were sent atleast 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 a meaningful participation at the Meeting.

The Minutes of the Board Meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the Directors present.

We further report that during the audit period no material events/actions have taken place that have a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines and Standards.

We further report that based on review of compliance mechanism established by the Company and on the basis of the compliance certificates issued by the Company Secretary and the various functional heads and taken on record by the Board of Directors at their Meeting(s), we are of the opinion that the Company has adequate systems and processes commensurate with its size of operations, to monitor and ensure compliance with all applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the following event/action has taken place, having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines and Standards:

(a) Approval of shareholders was sought through Postal Ballot on December 6, 2017, for sale and transfer of the Company's business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal, as agreed between the Parties by way of a slump sale on a going concern basis, to Torrent Pharmaceuticals Limited. The transaction was completed on December 14, 2017.

(b) Approval of shareholders was sought through Postal Ballot on February 9, 2018 to buyback 2,06,00,000 Equity Shares (being less than 25% of the paid up equity share capital of the Company) at a price of ₹ 430/- (Rupees four hundred thirty only) per Equity Share, payable in cash, aggregating to an amount of ₹ 885,80,00,000 (Rupees eight hundred eighty five crores eighty lakhs only) on a proportionate basis through a tender offer route in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Companies Act, 2013 and the rules made thereunder, as amended.

(c) Approval of shareholders was sought through Postal Ballot on May 15, 2018 to create, grant, offer, issue and allot 52,75,275 equity shares (Fifty two lac, seventy five thousand and two hundred and seventy five), i.e., 7.50% of the issued, subscribed and paid-up equity share capital of the Company under the Unichem Employee Stock Option Scheme 2018 (Scheme) for the employees of the Company and of its subsidiary company (ies) and setting up Unichem Employee Welfare Trust(s) for implementing the Scheme.

For ALWYN JAY & CO.,
Company Secretaries

Jay D'Souza
F3058
Certificate of Practice No. 6915

Mumbai
May 29, 2018

Annexure E to Directors' Report

a. Conservation of Energy

(i) Steps and impact:

- Replacement of street lights with LED fixtures.
- Improved natural illumination to reduce power consumption.
- Maintaining the power factor at 0.99 to avail rebate on electricity bill.
- Arrested leakage in terms of steam, water and compressed air.
- Using HVFO instead of Furnace Oil as a fuel.
- External chemical cleaning of chilled and hot water coils for better heat transfer and to avoid losses.
- During winter season the ambient condition is used to minimize the running hours of the chillers.
- Replacement of old non energy efficient Air Handling Units (AHU) with double skin insulated AHUs with Variable Frequency Drive (VFD) driven motors and plug fans.
- Replaced the PVC fills of cooling towers to improve the efficiency of cooling tower and thereby achieve the desired temperature in peak season.
- Rain water harvesting commissioned at plants.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

The Company has started working on possibilities of installing Solar Energy Generation plants at some of its facilities to utilize solar power partly as an alternate source of power and to reduce the power purchased from the grid.

(iii) Capital investment on energy conservation equipment: ₹ 55.80 lakhs

b. Technology Absorption

(i) Efforts towards technology absorption:

The technologies developed by the Research and Development (R&D) department of the Company have been commercialized and adopted by the Company's manufacturing facilities subject to permissions and approvals from the concerned regulatory authorities. At its State of the Art R&D facility at the Centre of Excellence, Goa, the Company has especially invested in prototype plant equipments in its Kilo Lab and Formulation Development Lab where plant simulation experiments are carried out. This helps to anticipate and address scale up issues that the laboratory developed process may face in the Plant during technology transfer exercise.

In addition, Quality by Design (QbD) trials are performed in these laboratories to define the design space within which the process can be safely scaled up and operated in the Plants.

The R&D efforts streamlined by effective Project Management coupled with dedicated Pilot Plant facilities across API & Formulation plants have seen ramping up of the output from R&D resulting in increased number of DMF, Dossier and Abbreviated New Drug Application (ANDA) filings in regulated markets.

(ii) Benefits derived:

- Launching of new products at the right time in International as well as Domestic markets in various therapeutic segments.
- Approval of first ANDA under Para IV certification by the USFDA.
- Successful filing of "First To File ANDA" with Para IV certification, on NCE-1 date.
- Products developed for the International market will result in increased business to the Company in current and future years.
- Reduction in the number of regulatory queries leading to speedy approvals.
- R&D in biotechnology has resulted in consistent and cost-effective processes for four Biosimilar products.
- Biosimilar and fermentation-based products under development for Indian and International markets will result into new business opportunities for the Company in the biotechnology sector in future years.
- Leveraging recombinant enzyme technology to carry out some of the chemical transformations like stereo specific reduction, stereo specific reductive amination leading to substantial raw material cost savings and greener technologies.
- Filing of patent applications.
- Established Complex generics development facility for development and filing of high value niche products.
- Bio study success rate improved substantially with the help of In-house Technical expertise and In-vivo-In-vitro correlation tools.
- Injectable Product Development initiated to diversify product portfolio

(iii) Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year): The Company has not imported any technology.

(iv) Expenditure incurred on Research and Development:

The Company has incurred a total expenditure of ₹ 12,742.75 lakhs (includes capital and recurring expenses) towards Research and Development.

c. Foreign Exchange Earnings and Outgo

The details of foreign exchange earnings and outgo are given in the notes to the accounts.

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Mumbai
May 29, 2018

Annexure F to Directors' Report

Dividend Distribution Policy

1. OBJECTIVE

1.1. To regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Regulations), Companies Act, 2013 (the Act) read with the applicable Rules framed thereunder.

1.2. The objective of this Policy is to ensure a regular dividend income, maximise wealth of the shareholders and long-term capital appreciation for all stakeholders of the Company. The Company would endeavour to strike the right balance between the dividend paid and profits retained in the business for various purposes, subject to applicable laws.

2. PREAMBLE

2.1. The profits earned by the Company can either be retained in business, used for operations, acquisitions, expansion, diversification or distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to lay down the basic principles to be adhered to while declaring dividend.

2.2. The Board of Directors will refer to this Policy while declaring/ recommending dividends.

3. SCOPE

3.1 . The Policy set out herein relates to Equity Share Capital in accordance with the provisions of Section 43 of the Act.

4. FACTORS TO CONSIDER WHILE DECLARING DIVIDEND

Declaration/Recommendation of Dividend shall be the prerogative and at the discretion of the Board of Directors. In the event the performance/ future requirements so require, it shall be open to the Board of Directors not to declare any dividend. It shall also be open to the Board of Directors to declare special dividend in exceptional circumstances, if it deems fit

4.1. Financial:

While recommending/declaring dividend, the Board will consider financial parameters, including but not limited to:

i. Operating results and overall financial position
ii. Working capital requirements
iii. Capital expenditure requirement including for inorganic growth, if any
iv. Debt servicing requirements of the Company, its Subsidiaries, its Associates and Joint Ventures
v. Utilization for Buy-Back of securities of the Company and
vi. Any other circumstances that Board may consider in deciding the declaration of dividend or quantum thereof

4.2. Internal and External:

While recommending/declaring Dividend, the Board will consider Internal and External Factors such as:

i. Possibility of earning consistent profit
ii. Global Market Conditions
iii. Tax Policy
iv. Restrictions imposed by the Act and other applicable legislation, if any, with regard to declaration of dividend
v. State of the Economy of the Country
vi. Prevalent market/industry practices

5. DECLARATION OF DIVIDEND

5.1. The Companies Act, 2013 provides for two types of Dividend i.e. Final and Interim. The Board of Directors may declare either Interim or Final or both types of dividend from time to time in their absolute discretion. While declaring dividend the Board of Directors shall endeavour that the Payout ratio shall not be less than 20% of the consolidated net profit of the Company in any financial year, except in cases where the Board deems fit after due deliberation.

6. REVIEW AND AMENDMENT

6.1. The Board of Directors of the Company may, subject to applicable laws, amend, modify any or all clauses, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board of Directors in line with broad intent of this Policy.

This Policy was adopted by the Board of Directors at its Meeting held on October 21, 2016.

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Annexure G to Directors' Report

FORM NO. MGT 9 -Extract of Annual Return for the financial year ended March 31, 2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I Registration and other details

I	CIN	L99999MH1962PLC012451
ii	Registration Date	August 22, 1962
iii	Name of the Company	Unichem Laboratories Limited
iv	Category/Sub-category of the Company	Public Company, Company having share capital
v	Address of the Registered Office and contact details	Unichem Bhavan, Prabhat Estate, Off S.V. Road, Jogeshwari (West), Mumbai - 400 102 E-mail Id.: shares@unichemlabs.com Website: www.unichemlabs.com Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391
vi	Whether listed company	Yes
vii	Name, address and contact details of the Registrar and Transfer Agent, if any.	Link Intime Pvt. Ltd., C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083 E-mail ID.: mumbai@linkintime.co.in Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060

II Principal Business Activities of the Company

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Pharmaceuticals	21001 and 21002	100%

III Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Niche Generics Limited, UK The Cam Center, Wilbury Way Hitchin, Herfordshire SG4 OTW, England	Not Applicable	Subsidiary	100	2(87)
2	Unichem Farmaceutica Do Brasil Ltda., Brazil Avenida Sete De Setembro 1564, Centro Vila Dirce Diadema, CEP -09912-010 São Paulo - Brazil	Not Applicable	Subsidiary	100	2(87)
3	Unichem Laboratories Limited, Ireland Studio 8b, Ard Gaoithe Commercial Centre Ard Gaoithe Business Park Cashel Road, Clonmel, County Tipperary, Ireland	Not Applicable	Subsidiary	100	2(87)
4	Unichem Pharmaceuticals (USA) Inc. 777 Terrace Avenue, Suite 102 Hasbrouck Heights, NJ 07604, USA	Not Applicable	Subsidiary	100	2(87)
5	Unichem SA (Pty) Limited, South Africa San Domenico, Ground Floor, Unit G4, 10, Church Street, Durbanville 7551, Capetown, South Africa	Not Applicable	Subsidiary	100	2(87)
6	Synchron Research Services Pvt. Ltd. Synchron House, B/H. Mondeal Park Near Gurudwara, S.G. Highway, Ahmedabad	U85110GJ1998PTC034181	Associate	32.11	2 (6)

IV Shareholding Pattern (equity share capital breakup as percentage of total equity)

(I) Category wise shareholders

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,55,10,550	-	4,55,10,550	50.08	3,56,42,664	-	3,56,42,664	50.67	0.59
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	**4,55,10,550**	**-**	**4,55,10,550**	**50.08**	**3,56,42,664**	**-**	**3,56,42,664**	**50.67**	**0.59**
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**
TOTAL (A)=(A)(1) + (A)(2)	**4,55,10,550**	**-**	**4,55,10,550**	**50.08**	**3,56,42,664**	**-**	**3,56,42,664**	**50.67**	**0.59**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	94,71,268	-	94,71,268	10.41	17,86,783	-	17,86,783	2.54	(7.88)
b) Banks / FIs	68,073	500	68,573	0.08	39,098	500	39,598	0.06	(0.02)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Alternate Investment Funds	-	-	-	-	8,97,442	-	-	8,97,442	1.28
f) Insurance Companies	19,32,147	-	19,32,147	2.13	13,99,483	-	13,99,483	1.99	(0.14)
g) FIIs/FPIs	36,03,430	500	36,03,930	3.97	37,53,284	500	37,53,784	5.34	1.37
h) Foreign Venture Capital Funds	-	-	-	-		-	-	-	-
i) Others (specify)									
- Foreign Mutual Fund	61,885	-	61,885	0.07	47,924	-	47,924	0.07	0.00
- Foreign Bank	500	-	500	0.00	500	-	500	0.00	0.00
Sub-total (B)(1)	**1,51,37,303**	**1,000**	**1,51,38,303**	**16.66**	**79,24,514**	**1,000**	**79,25,514**	**11.28**	**(5.39)**
2. Central Government / State Government(s) / President of India - IEPF	-	-	-	-	4,96,532	-	4,96,532	0.71	0.71
Sub-total (B)(2)	**-**	**-**	**-**	**-**	**4,96,532**	**-**	**4,96,532**	**0.71**	**0.71**
3. Non-Institutions									
a) Bodies Corporates									
i) Indian	66,41,666	80	66,41,746	7.31	38,58,847	80	38,58,927	5.49	(1.82)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lac	1,55,36,655	20,54,452	1,75,91,107	19.36	1,61,97,411	17,13,706	1,79,11,117	25.46	6.11
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	23,74,125	10,09,540	33,83,665	3.72	13,56,880	8,69,140	22,26,020	3.16	(0.56)
c) Others (specify)									
- Non Resident Indians	10,07,600	3,220	10,10,820	1.11	7,06,461	2,000	7,08,461	1.01	(0.11)
- Overseas Corporate Bodies	16,250	-	16,250	0.02	-	-	-	-	(0.02)
- Foreign Nationals	4,750	-	4,750	0.01	6,646	-	6,646	0.01	0.00
- Clearing Members	6,81,350	-	6,81,350	0.75	2,83,854	-	2,83,854	0.40	(0.35)
- Trusts	6,720	57,600	64,320	0.07	6,756	57,600	64,356	0.09	0.02
- Market Maker	6,936	-	6,936	0.01	1,671	-	1,671	-	(0.01)
- Hindu Undivided Family	8,26,728	-	8,26,728	0.91	12,11,238	-	12,11,238	1.72	0.81
Sub-total (B)(3)	**2,71,02,780**	**31,24,892**	**3,02,27,672**	**33.26**	**2,36,29,764**	**26,42,526**	**2,62,72,290**	**37.35**	**4.90**
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**4,22,40,083**	**31,25,892**	**4,53,65,975**	**49.92**	**3,20,50,810**	**26,43,526**	**3,46,94,336**	**49.33**	**(0.59)**
Total (A)+(B)	**8,77,50,633**	**31,25,832**	**9,08,76,525**	**100.00**	**6,76,93,474**	**26,43,526**	**7,03,37,000**	**100.00**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**8,77,50,633**	**31,25,832**	**9,08,76,525**	**100.00**	**6,76,93,474**	**26,43,526**	**7,03,37,000**	**100.00**	**-**

Note 1:

a) During the financial year ended March 31, 2018, the Company has bought back 2,06,00,000 (two crore six lakhs only)fully paid-up equity shares of face value of ₹ 2/- each, representing 22.65% of the total number of equity shares in the issued, subscribed and paid-up equity share capital of the Company, from the existing shareholders /beneficial owners of equity shares of the Company, on a proportionate basis through the "tender offer" route at a price of ₹ 430/- (Rupees four hundred and thirty only) per equity share for an aggregate amount of ₹ 885,80,00,000/- (Rupees eight hundred eighty five crores eighty lakhs only). The paid up capital of the Company as on March 31, 2018 is ₹ 7,03,37,000.

b) % of total Shares of the Company is based on the paid up Capital of the Company at the end of the year.

(ii) Share holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)			Shareholding at the end of the year (March 31, 2018)			% change in share holding during the year
		No of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Dr. Prakash A. Mody	4,22,87,278	46.53	-	3,24,19,392	46.09	-	(0.44)
2	Mrs. Anita Mody	13,23,400	1.46	-	13,23,400	1.88	-	0.43
3	Ms. Suparna Mody	9,49,936	1.05	-	9,49,936	1.35	-	0.31
4	Ms. Supriya Mody	9,49,936	1.05	-	9,49,936	1.35	-	0.31
	Total	**4,55,10,550**	**50.08**	**-**	**3,56,42,664**	**50.67**	**-**	**0.59**

(iii) Change in Promoters' shareholding

	Particulars	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (March 31, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	4,55,10,550	50.10	3,56,42,664	50.67
	Changes during the year (See Note 2)	-	-	-	-
	At the end of the year	-	-	3,56,42,664	50.67

Note 2 : The change in % of total shareholding of the Promoter and the Promoter group from 50.10 % to 50.67% is due to:

a) ESOP allotment of 60,475 equity shares during the financial year 2017-2018

b) Dr. Prakash A. Mody tendered 98,67,886 equity shares for Buyback and hence the Promoter holding has reduced from 4,55,10,550 equity shares to 3,56,42,664 equity shares.

c) Pursuant to the said Buyback as detailed under Note 1, the paid up capital of the Company has reduced from 9,08,76,525 equity shares of ₹ 2/- each to 7,03,37,000 equity shares of ₹ 2/- each.

(iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Top 10 Shareholders	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (March 31, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Government Pension Fund Global				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	18,63,796	2.65
	At the end of the year	-	-	18,63,796	2.65
2	General Insurance Corporation of India				
	At the beginning of the year	15,00,001	2.13	15,00,001	2.13
	*Changes during the year	(4,20,371)	(0.61)	10,72,694	1.53
	At the end of the year	-	-	10,72,694	1.53
3	ICICI Prudential Midcap Fund				
	At the beginning of the year	43,53,961	6.19	43,53,961	6.19
	*Changes during the year	(32,82,515)	(4.67)	10,71,446	1.52
	At the end of the year	-	-	10,71,446	1.52
4	Alrox Investment and Finance Pvt.Ltd.				
	At the beginning of the year	15,97,763	2.27	15,97,763	2.27
	*Changes during the year	(6,00,326)	(0.85)	9,97,437	1.42
	At the end of the year	-	-	9,97,437	1.42
5	Family Investment Private Limited				
	At the beginning of the year	14,38,522	2.05	14,38,522	2.05
	*Changes during the year	(5,40,496)	(0.77)	8,98,026	1.28
	At the end of the year	-	-	8,98,026	1.28
6	DSP Blackrock AIF Pharma Fund				
	At the beginning of the year	10,31,404	1.47	10,31,404	1.47
	*Changes during the year	(2,33,709)	(0.34)	7,97,695	1.13
	At the end of the year	-	-	7,97,695	1.13
7	Airborne Investment and Finance Pvt. Ltd				
	At the beginning of the year	11,49,452	1.63	11,49,452	1.63
	*Changes during the year	(4,31,884)	(0.61)	7,17,568	1.02
	At the end of the year	-	-	7,17,568	1.02

Sr. No.	Name of the Top 10 Shareholders	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (March 31, 2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	HDFC Small Cap Fund				
	At the beginning of the year	10,000	0.01	10,000	0.01
	Changes during the year	6,70,390	0.96	6,80,390	0.97
	At the end of the year	-	-	6,80,390	0.97
9	**Mr. Ajit Vishnu Shirodkar				
	At the beginning of the year	9,00,000	1.28	9,00,000	1.28
	*Changes during the year	(2,31,875)	(0.33)	6,68,125	0.95
	At the end of the year	-	-	6,68,125	0.95
10	Investor Education and Protection Fund Authority Ministry of Corporate Affairs				
	At the beginning of the year	-	-	-	-
	Shares transferred to the IEPF Account during the year	4,96,532	0.71	4,96,532	0.71
	At the end of the year	-	-	4,96,532	0.71
11	*L & T Mutual Fund Trustee Ltd - L&T Tax Saver Fund				
	At the beginning of the year	12,21,992	1.74	12,21,992	1.74
	*Changes during the year	(12,08,864)	(1.72)	13,128	0.02
	At the end of the year	-	-	13,128	0.02
12	*Reliance Capital Trustee Co Ltd-a/c Reliance Mid and Small Cap Fund				
	At the beginning of the year	21,01,058	2.99	21,01,058	2.99
	*Changes during the year	(21,01,058)	(2.99)	-	-
	At the end of the year	-	-	-	-
13	*Reliance Capital Trustee Co Ltd-a/c Reliance Mid and Small Cap Fund				
	At the beginning of the year	11,09,862	1.58	11,09,862	1.58
	*Changes during the year	(11,09,862)	(1.58)	-	-
	At the end of the year	-	-	-	-

* Ceased to be in Top 10 shareholders as on March 31, 2018. The same are reflected above since the shareholders were one of the Top 10 shareholders as on April 1, 2017.

** Changes during the year include shares tendered in the Buyback of the Company's equity shares as detailed under Note. 1 above.

Notes

a. Pursuant to the Buyback offer of the Company as detailed under Note1, the paid up capital of the Company has reduced from 9,08,76,525 equity shares of ₹ 2/- each to 7,03,37,000 equity shares of ₹ 2/- each.

b. The details of holding have been clubbed based on PAN.

c. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the year.

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (March 31, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Dr. Prakash A. Mody				
	At the beginning of the year	4,22,87,278	46.53	4,22,87,278	46.53
	Shares tendered in the buyback offer of the Company	(98,67,886)	(0.44)	3,24,19,392	46.09
	At the end of the year	-	-	3,24,19,392	46.09
2	Mr. Prafull Anubhai				
	At the beginning of the year	25,000	0.03	782	-
	Changes during the year	(24,218)	(0.03)	782	-
	At the end of the year	-	-	782	0.00
3	Mr. Ramdas Gandhi				
	At the beginning of the year	27,500	0.03	27,500	0.03
	Shares tendered in the buyback offer of the Company	(10,968)	(0.01)	16,532	0.02
	At the end of the year	-	-	16,532	0.02
4	Mr. Prafull Sheth				
	At the beginning of the year	7,500	0.01	7,500	0.01
	Shares tendered in the buyback offer of the Company	-	-	-	-
	At the end of the year	-	-	7,500	0.01
5	Mr. Anand Mahajan				
	At the beginning of the year	25,000	0.03	25,000	0.03
	Shares tendered in the buyback offer of the Company	(9,971)	(0.01)	15,029	0.02
	At the end of the year	-	-	15,029	0.02
6	Dr. (Mrs.) B. Kinnera Murthy	-	-	-	-
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-

Sr. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (March 31, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Mr. Rakesh Parikh (Chief Finance & Compliance Officer)				
	At the beginning of the year	43,750	0.05	43,750	0.05
	Allotment of shares pursuant to ESOP	15,100	0.03	54,800	0.08
	Shares tendered in the buyback offer of the Company	(14,093)	(0.02)	44,757	0.06
	At the end of the year	-	-	44,757	0.06
8	Mrs. Neema Thakore (Head - Legal & Company Secretary)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-

V. Indebtedness

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

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	43.77	-	-	43.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	43.77	-	-	43.77
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	0.80	-	-	0.80
Net Change	0.80	-	-	0.80
Indebtedness at the end of the financial year				
i) Principal Amount	42.96	-	-	42.96
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	42.96	-	-	42.96

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Dr. Prakash A. Mody Chairman & Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	122.76
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	12.03
	(c) Profits in lieu of salary under Section 17(3) of the Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	* Commission	
	- as % of profit	-
	- others, specify	-
5	Others, please specify (Employers contribution towards Provident Fund)	8.52
	Total (A)	143.31
	Ceiling as per the Act: ₹ 143.31 Lakhs calculated under Section 198 and Schedule V to the Companies Act, 2013.	

* Due to inadequate profit no commission is payable for the year under review.

B. Remuneration to other Directors

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Names of Directors					
	Independent Directors	Mr. Prafull Anubhai	Mr. Ramdas Gandhi	Mr. Prafull Sheth	Mr. Anand Mahajan	Dr. (Mrs.) B. Kinnera Murthy	Total
1	Fee for attending Board and Committee Meetings	19.80	15.80	14.90	5.50	9.70	65.70
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	19.80	15.80	14.90	5.50	9.70	65.70
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending Board and Committee Meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	19.80	15.80	14.90	5.50	9.70	65.70
	Total Managerial Remuneration (A+B)	-	-	-	-	-	209.01
	Overall Ceiling as per the Act : The Company had inadequate profit during the year. The Independent Directors are paid only sitting fees.						

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
	Name	Mr. Rakesh Parikh	Ms. Neema Thakore	Total
	Designation	Chief Finance & Compliance Officer	Head - Legal & Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	209.18	134.25	343.43
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	30.42	0.32	30.74
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify (Employers Contribution to Provident Fund)	3.79	3.40	7.19
	Total	243.39	137.97	381.36

VII Penalties/punishment/compounding of offences

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

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Mumbai
May 29, 2018

Annexure H to Directors' Report

Particulars under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-2018

Name of the Director	Ratio
Dr. Prakash A. Mody (Chairman & Managing Director)	39:1

Other Directors of the Company are paid only sitting fee which is not considered in the above.

(ii) The percentage increase / decrease in the remuneration of each Director, Chief Financial Officer and Company Secretary or Manager during the financial year 2017-2018

Name	% increase/ (decrease)
* Dr. Prakash A. Mody (Chairman & Managing Director)	(74.38)
** Mr. Rakesh Parikh (Chief Finance & Compliance Officer)	11.36
** Ms. Neema Thakore (Head - Legal & Company Secretary)	11.26

* Decrease in the remuneration is due to inadequacy of profits for the continuing business during the year 2017-2018.

** Does not include one -time incentive pursuant to the sale of the Company's Domestic business / perquisite value of ESOPs and other perquisites calculated under the Income – Tax Act, 1961.

(iii) The percentage increase in the median remuneration of employees during the financial year 2017-2018

13.38%

(iv) The number of permanent employees on the rolls of the Company

There were 2,280 employees on the rolls as on March 31, 2018.

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

Average decrease in remuneration of managerial personnel is 11.32% and increase for employees other than Managerial Personnel is 12%.

(vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company

Yes

Note: Please refer to the Director's Report wherein detailed explanation on sale of Domestic business is provided. In view of the above, wherever required, the data has been calculated for continuing business. Data for the financial year ended March 31, 2017 has been aligned with data for the financial year ended March 31, 2018, to make it comparable.

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Mumbai
May 29, 2018

Annexure I to Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2017-2018

1. **A brief outline of the Company's CSR policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs**

   Your Company believes in the philosophy of giving back. Being in the pharmaceutical industry your Company's primary focus is healthcare. Education, sanitation, protection of environment, general welfare and development are the other areas in which your Company concentrates its CSR activities. While the focus of CSR efforts will be in the areas around the Company's locations, the Company may also undertake projects looking into other societal needs. The CSR policy is available on the website of the Company and the web link is as under:
   https://unichemlabs.com/policies-code-of-conduct/corporate-social-responsibility/

2. **Composition of the CSR Committee**

   a. Dr. Prakash A. Mody (Chairman & Managing Director)
   b. Mr. Prafull Anubhai (Independent Director)
   c. * Mr. Ramdas Gandhi (Independent Director)
   d. Dr. (Mrs.) B. Kinnera Murthy (Independent Director)

   * Resigned as a Director with effect from May 29, 2018

3. **Average net profit of the Company for the last three financial years**

   ₹ 13,649.59 lakhs

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above)**

   ₹ 272.99 lakhs

5. **Details of amount spent on CSR activities during the financial year 2016-2017**

   a. Total amount to be spent for the financial year: ₹ 272.99 lakhs
   b. Total amount spent for the financial year: ₹ 92.49 lakhs
   c. Amount unspent, if any: ₹ 180.50 lakhs

6. **Manner in which the amount was spent during the financial year is detailed below**

Sr.No.	CSR Project/ activities Identified	Sector	Locations Districts / States	Amount Outlay (Budget) (₹ in lakhs)	Amount spent on the projects or programmes (₹ in lakhs)	Cumulative expenditure upto reporting period (₹ in lakhs)	Amount spent: Direct or through implementing agencies (₹ in lakhs)
1	**Adiwasi Unnati Mandal	Health	Mumbai, Shahpur, Thane, Maharashtra	10.00	6.00	6.00	6.00
2	**Amrut Mody College of Mass Communication and Journalism	Education	Nadiad, Gujarat	27.30	9.68	9.68	9.68
3	**Muktangan	Education	Mumbai, Maharashtra	25.00	25.00	25.00	25.00
4	**Vision Foundation of India	Health	Pan India	25.00	25.00	25.00	25.00
5	**Kreeda Prabodhini	Sports	Goa	5.00	5.00	5.00	5.00

Sr.No.	CSR Project/ activities Identified	Sector	Locations Districts / States	Amount Outlay (Budget) (₹ in lakhs)	Amount spent on the projects or programmes (₹ in lakhs)	Cumulative expenditure upto reporting period (₹ in lakhs)	Amount spent: Direct or through implementing agencies (₹ in lakhs)
6	*Benches for Senior Citizens	Health	Goa	2.90	2.90	2.90	2.90
7	*Swachata Pakhawada	Health & Sanitation	Pan India	0.83	0.83	0.83	0.83
8	**Paediatric care	Health	Pan India	11.00	11.00	11.00	11.00
9	*Swachh Abhyan Modular Toilets	Health & Sanitation	Baddi, Himachal Pradesh	2.64	2.68	2.68	2.68
10	*Gyan Jyoti	Education	Baddi, Himachal Pradesh	3.20	3.20	3.20	3.20
11	*Basic infrastructure for School Children	Education	Ghaziabad, Uttar Pradesh	1.20	1.20	1.20	1.20

* Direct spending

** Implementing Agencies: Adiwasi Unnati Mandal, Paragon Charitable Trust, Vision Foundation of India, Sardar Vallabhbhai Samaj Seva Trust, Kreeda Prabodhini and Rotary Foundation of India

7. **In case the Company has failed to spend two percent of the average net profit of the latest three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Directors' Report**

The Company has been engaged in CSR activities since many years. During the year under review, the total amount to be spent was ₹ 272.99 lakhs. The Company spent ₹ 92.49 lakhs on CSR which is 0.67% of the average profits, for the last 3 (three) financial years. Balance amount of ₹ 180.50 lakhs remained unspent. The Company could not spend the balance amount since it is in the process of identifying appropriate CSR programs/projects in terms of its CSR policy. Further, certain funds even though allocated to approved educational and health projects by the CSR Committee were not disbursed since there was no requirement for these funds from the organizations/institutions during the year under review.

The Company plans to scale up its CSR activities in areas of education, health and other areas in a structured manner to meet the objectives of its CSR policy in the coming years.

8. **Responsibility statement on behalf of the CSR Committee that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy of the Company**

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

"Unichem's CSR projects/programs are entrenched in the way we do business and are guided by our corporate mission, values and aspirations. The implementation and monitoring of the CSR projects is in compliance with the provisions of Section 135 of the Companies Act, 2013."

Dr. Prakash A. Mody
Chairman & Managing Director & Chairman of CSR Committee
(DIN 00001285)

Mumbai
May 29, 2018

Management Discussion and Analysis

GLOBAL PHARMA MARKET

The pharmaceutical industry is one of top five in the global economy. The pharmaceutical industry is likely to triple in size by 2060 on an inflation-adjusted basis (Source: Torreya-Global Pharma Industry Study 2017-2018) propelled by several global demographic and economic trends that include an aging world population and a rise in the prevalence of chronic diseases brought on by increased urbanization and changing food habits along with a growing middle class with higher disposable incomes. The total global spend for pharmaceuticals is estimated to increase by $367 billion through 2021 on a constant-dollar basis, driven by increasing wealth across the world (Source: IQVIA 2017-2018).The growth is also likely to be boosted by increased government spending on enhanced medical infrastructure and a growing demand for more effective treatments, backed by public healthcare spending, rising patient awareness, and growing insurance coverage across the income pyramid.

At the same time, the global pharma landscape is evolving. While the global prescription drug market grew by just 0.8% in 2017 over the previous year, (Source: Euler Hermes Economic – Research, 2017-2018) due to the depreciation of the USD against most other currencies, especially Asian ones, the US remains the largest outlet for pharmaceuticals with a world market share of 33%.The Indian pharmaceuticals industry generates around 50 per cent of its revenues from exports. North America is also currently the Indian pharma industry's largest market, accounting for over 31% of total exports. The other regulated markets like China, Japan, EU, UK and Brazil follow. The Indian pharmaceutical industry is expected to touch US$ 55 billion by 2020 (Source: PHARMEXCIL, 2017-2018) and pharmaceutical export from India stood at US$ 16.84 billion in 2016-17 and is expected to reach US$ 20 billion by the year 2020. Source: (PHARMEXCIL, 2017-2018)

Spending on prescription medicines in the United States is expected to increase 4-7% through 2021, reaching $580 billion to $610 billion, according to a report released by IQVIA, 2017-2018. This is leading governments around the world to increase controls on drug prices as this is an important way of keeping medicines affordable for patients. With patients wanting the most recent medicines from their physicians, growth will continue to be driven by major innovations which will have positive implications for the health of the global population.

Though drug spending shows resilience irrespective of the economic cycle, there are challenges facing pharma companies targeting the global market that include a closer scrutiny and more stringent regulatory requirements as well as a complex stakeholder environment with difficult market access and changing behavior and communication preferences among both healthcare professionals and patients. On the regulatory front, we are seeing shared activities across agencies. The FDA and the European Marketing Agency (EMA) agreed to share their ability to do inspections and to share inspection reports, and this trend may see an increase, especially in the emerging markets where agencies will rely on the decisions of other competent agencies to help expedite the review of medicines. This will also influence drug development because new drugs will be first aimed at countries that will generate the first approvals that will be picked up by other countries that rely on these approvals.

At Unichem, we are mindful of the regulatory risk and have policies and procedures in place to mitigate these risks. We have successfully maintained the high quality standards as per the cGMP guidelines issued by USFDA. During the year under review, your Company's facilities at Ghaziabad and Goa, received Establishment Inspection Reports from the USFDA, allowing us to continue uninterrupted supply to the US market.

On the research and development (R&D) front, pharma is also facing rising expenditure consequent to new opportunities in the specialty generic segment and rise of the biotechnology sector. Research methods are evolving with possibilities offered by personalized medicines to the potential insights and breakthroughs from use of big data. These sectors are reaching maturity and globalization with companies increasingly looking to India for manufacturing. Unichem is well poised to succeed with a strategic investment in R&D through a holistic approach that addresses every aspect of R&D including strategy, process and funding.

ACTIVE PHARMACEUTICAL INGREDIENTS (API)

Import of API's from China potentially exposes the domestic industry to raw material supply disruptions and pricing volatility. With the increase in API prices by Chinese manufacturers due to labor costs going up, India today has the opportunity to move forward in the manufacture of APIs and intermediates for the global as well the domestic market by building on the cost advantage and supply reliability which are major buying criteria for customers.

DOMESTIC PHARMACEUTICAL MARKET

The Indian pharmaceutical market is fragmented with thousands of manufacturers who are operating in a very competitive market. In addition to this, the Government has been expanding price controls to a larger range of drugs and medicines. Growth in the domestic market has slowed down and this had impacted our growth trajectory in the last couple of years. Some of the factors affecting the domestic market include increasing regulation and price control, restrictions on marketing to and engaging with doctors and patients along with a shift in balance of power towards pharmacists.

UNICHEM'S PERFORMANCE

During the year under review, the Company sold and transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal, and the manufacturing facility at Sikkim together with all specified tangible and intangible assets, contracts, rights, personnel and employees, data and records, inventory and other assets and liabilities as agreed between the parties in relation to the said business by way of slump sale on a going concern basis, to Torrent Pharmaceuticals Limited.

During the year under review, Standalone Sales/Income from operations (Gross) increased to ₹ 66,973.05 lakhs (continuing operations) from ₹ 57,702.28 lakhs (continuing operations) in 2016-2017, registering a growth of 16.07%. Consolidated Sales/Income from Operations (Gross) stood at ₹ 81,839.69 lakhs (continuing operations) in 2017-2018 as compared to ₹ 69,866.67 lakhs (continuing operations) in 2016-2017, registering an increase of 17.14%.

RESEARCH AND DEVELOPMENT

R&D is the core which will power Unichem's future growth through a dual strategy of development of patent non-infringing processes for APIs and development of Novel Drug Delivery Systems (NDDS). The Centre of Excellence in Goa, fueled by over 300 scientists including over 30 PhDs, is the place where the potential of Unichem is brought to life. Offering the most conducive environment for value added research, the R&D has to date developed novel, innovative and efficient processes for 60+ new generation molecules and 48+ ANDAs in various therapeutic categories. The R&D centre boasts of a strong synthesis and analytical team with the latest facilities at their disposal. The Formulations R&D has State-of-the-Art Facilities to undertake formulation development of tablets, capsules, liquid orals, creams, ointments and, a separate facility for injectable and Pre-formulation laboratories to carry out drug-excipient compatibility studies and physical characterization of API. Plant simulation experiments designed by Process engineers help to anticipate and address scale up issues that the laboratory developed processes may face in the plant during technology transfer exercise.

The R&D centre also undertakes formulation services on contract research and development projects for a number of leading global pharmaceutical companies. The R&D centre is also responsible for formulation development and ANDA filings following Quality by Design (QbD) protocol as laid down by the US FDA.

The R&D centre also has biosimilar products at various stages of development that use Recombinant DNA technique, fermentation based products and Monoclonal Anti Bodies (mAb).

The R&D efforts have borne fruit with a ramp up of the output from R&D resulting in increased number of DMF, Dossier and ANDA filings in regulated markets.

In the year under review, Unichem filed 9 Abbreviated New Drug Applications (ANDAs) (including 2 First-to-File Para IV), 12 US Drug Master Files and 2 Brazil dossiers. We believe that our investment in R&D will be a game-changer, and will open the door to growth, including out-licensing opportunities in generics and biologics.

Today, our investment in R&D is around 19% of standalone revenues which is higher than the industry average.

INFRASTRUCTURE

Built on the foundation of quality and reliability, your Company has made significant investments in building infrastructure to support its international growth strategy. With State- of-the- Art world-class development and manufacturing infrastructure, Unichem delivers value to its customers globally.

Your Company is well placed to succeed with its R&D centre and manufacturing plants for API and formulations that are approved by regulatory authorities including the USFDA, UK MHRA, ANVISA (Brazil), COFEPRIS (Mexico), PMDA (Japan), TGA (Australia), MCC (South Africa), KFDA (Korea), EDQM (European Directorate for the Quality of Medicines) and Health Canada. Your Company's subsidiaries in the US and Europe gives it the foothold to enter and drive business in the regulated markets.

INTERNATIONAL FORMULATIONS

Your Company continued to perform well in its international formulations business despite the challenges of pricing pressure consequent to consolidation of bargaining power of the pharmacy chains and higher competition from new companies entering the US market. The USFDA has also announced that it will unveil an overhaul to its approval process during the current year which should help bring more drugs to market and increase competition. With the USFDA continuing to approve higher number of ANDAs to bring down prices, pricing pressure is expected to continue in the short term.

Emerging markets represent an exceptional opportunity for the pharmaceutical industry, and your Company's success and experience in the developed markets gives it an edge in these markets. These include the BRICS emerging markets (Brazil, Russia, China, and South Africa) and MIST (Mexico, Indonesia, South Korea, and Turkey). Sales of the pharmaceutical markets in BRICS and MIST countries have doubled in 5 years, reaching a market share of approximately 20%. (Source: Current Therapeutic Research Vol. 86, 2017)

The emerging markets are gaining importance due to the large populations, growing prosperity, and increasing life expectancy in these countries, especially the BRICS and MIST countries. Rapid growth can also be expected in some smaller economies in Eastern Europe, South East Asia, Latin America and the Middle East and your Company plans to target emerging markets in these territories too. However, challenges and volatility exists in Emerging Markets. These include the dangers of pricing competition from substandard drugs due to limited vigilance of good manufacturing practices leading to an increase in morbidities and mortalities as well as antimicrobial resistance. The volatility in the price of oil is affecting these economies and coupled with stability issues of the governments in these markets, present challenges for pharma companies intending to succeed in emerging markets. Your Company, through its Emerging Markets division, ACASIA, is targeting the growing opportunities on offer in these emerging markets.

Your Company is leveraging its manufacturing expertise and through its wholly owned subsidiaries in UK, USA, Brazil, South Africa and Ireland will focus on supply of high value added generics as the partner of choice to global generic companies.

ACTIVE PHARMACEUTICAL INGREDIENTS

Your Company is primed to build on its position in the global API market through strong compliant quality systems. Focusing on operational excellence, your Company will focus on manufacture of intermediates and APIs to help achieve self-sufficiency and security of supply. By investing in R&D, your Company will also work towards investing in next-generation APIs with the aim of being at the forefront of these technologies and differentiate Unichem from other players.

The opportunities in the API space are growing, with branded drug sales coming off patent and an increasing number of successful patent challenges made by generic companies. Your Company also intends to ramp up its capabilities and capacities in APIs and intermediates manufacture to service its fast growing US formulations business.

While commoditization, combined with regulatory and pricing reforms in regulated and unregulated markets, is increasing pressure on formulations pricing. Your Company is well poised to face the challenges as it manufactures a range of APIs which are used for captive consumption for the regulated markets of US and Europe markets. This backward integration gives your Company an upper hand to remain cost competitive and gain market share. Your Company will continue with the vertical integration of the API business with the formulation business to make it more cost efficient.

Outlook

Going forward Unichem will:

- focus attention on all aspects of the international business including finished formulations, API, contract manufacturing and contract research;
- increase its investments in R&D in the New Chemical and Biological Entities (NCE & NBE), Bio-similars and complex generics;
- initiate various measures towards achieving organizational and operating efficiencies and strengthening core competencies

HUMAN RESOURCES

The pillars that hold up your Company and enable it to realize the goals and aspirations of its stakeholders as it rises higher is its 2200+ strong workforce. Your Company reaffirms its commitment to ensure its people initiatives are aligned with business objectives. Our tenets of Quality and Reliability continue to form the cornerstone of our Human Resource practices.

As in the past year, technology continues to be the fulcrum of our practices. Our best in class performance management system on SAP Success Factors has the entire organization under one platform. The system enables us to reinforce a transparent and fair performance driven organization culture. Moving ahead, implementation of a Learning Management System and Succession Planning willl make HR processes more comprehensive and robust. Unichem is also making an effort to use the latest concepts in learning like artificial intelligence and virtual learning for upgrading our learning infrastructure. These initiatives will not only enhance efficiency of the trainings but will also add to the productivity at the fastest rate. Unichem has been certified by agencies like Life Sciences Sector Skill Development Council (LSSSDC, an endeavor of the NSDC) for skill development. Unichem can now use its facilities to impart trainings to its employees and also get them certified as per the standards laid down by LSSSDC. Our endeavor is to develop an integrated system, oriented towards development of talent management processes.

Unichem in its endeavor to simplify its policy framework, has harmonized its grade and compensation structure across all manufacturing locations. This reaffirms our commitment to One Unichem.

Your Company believes that people play a pivotal role in contributing to an organization's growth and success. Continuing its initiative to build people skills and capabilities through best-in-class training, your Company continued its Management Development Programs which have been designed for employees at different stages of their careers.

NEEV (for employees who are at the first rung of their career), UDAAN (targeted at developing the first and second rung of leadership) and LEAP (a program focusing at middle management professionals) continue to drive development and create a mindset of "Function to Business". Partnering with leading prestigious institutes like IMT Ghaziabad and Symbiosis Institute of Business Management ensures that the curriculum is relevant in the current dynamic business world.

As in the past year, employee communiqué in the form of a Townhall Meeting was conducted in the month of May, 2017. The leadership team shared the organization direction with the employees followed by a Q&A session. Your Company has strengthened the touch points at all levels and deepened the engagement with employees through Townhall Meetings in all locations.

In the townhall meeting, your Company launched its new core values of ICE and the behavioral indicators governing the values framework. Integrity, Collaboration and Execution Excellence are the new Unichem Values which will ensure that all Unichemites attain success through our value-driven culture. The new set of values were cascaded in all manufacturing locations across all employees. Your Company aims to inculcate a value driven culture so that our workforce can realize professional aspirations through our work values.

At Unichem it is our endeavor to create a harmonious work environment and this is reflected in your Company's industrial relations during the year under review.

The past year has seen the organisation making a new beginning through strategic decisions that are the harbingers of transformational change. The organisation has moved further along on its journey to transform and ready itself for the next level of growth to address global markets. In this challenging journey, our people practices are aligned to ensure that your Company carves its niche in the global pharmaceutical market.

INTERNAL CONTROLS

The Company's internal control systems are commensurate with the nature and size of its business operations. The internal control systems ensure (i) that transactions are authorized, recorded and reported diligently, (ii) compliance with internal policies, procedures, (iii) to safeguard the assets of the Company, (iv) accuracy and completeness of accounting records, and (v) mitigating operational risk. An established and independent internal audit ensures (i) evaluation of effectiveness of internal controls, (ii) adherence to the policies and systems, (iii) mitigation of operational risks perceived for each area under audit and (iv) compliance of applicable statutory requirements. The Management duly considers and takes appropriate action on recommendations made by Statutory Auditors, Cost Auditors, Internal Auditors and the Independent Audit Committee of the Board of Directors.

RISKS & CONCERNS

Your Company has a Risk Management Policy to review and mitigate environmental, operational and business risks to safeguard its interest.

With a cohesive strategy to target the international pharma market in both regulated and emerging markets backed by strong R&D and a vertically integrated pharmaceutical business, your Company is well poised to create a sustainable competitive advantage in APIs and formulations. With the confidence garnered from a culture of quality and innovation and the unstinted support of our stakeholders, we look forward to the journey to a future of pharma fueled by new technologies and changing trends with unbridled excitement.

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Mumbai
May 29, 2018

Corporate Governance Report

Compliance with the Code of Corporate Governance forms an integral part of the Company's philosophy. Unichem firmly believes that any meaningful policy on Corporate Governance must provide empowerment to the management of the Company and simultaneously create a mechanism of checks and balances that ensure that the decision making powers vested in the management are not misused and are exercised with care and responsibility to meet stakeholders' aspirations and societal expectations. The core principles of Corporate Governance i.e. trusteeship, transparency, empowerment, accountability and control form the cornerstone of Unichem's Corporate Governance philosophy. The Company continues to focus its resources, strengths and strategies to achieve the highest standards of Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit.

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and applicable provisions of the Companies Act, 2013 (the Act), a report on Corporate Governance is detailed below:

Board of Directors

Composition, attendance of Directors at Board Meetings and the last Annual General Meeting (AGM), other Directorships and Memberships and/or Chairmanships held by each Director

As on March 31, 2018, Unichem's Board comprised of six Directors, viz., the Chairman & Managing Director and five Non-Executive and Independent Directors. Unichem's Board met eight times during the year under review viz. April 1, 2017; May 30, 2017; July 22, 2017; August 9, 2017, November 3, 2017, January 8, 2018, February 5, 2018 and March 31, 2018 as given in **Table-1**. The intervening period between two Board Meetings was well within the time limit prescribed in the Companies Act, 2013 and the Listing Regulations.

Independent Directors' Meeting

During the year under review, the Independent Directors met on January 8, 2018 and February 5, 2018, *inter alia*, to:

a. Review the performance of Non-Independent Directors and the Board as a whole;

b. Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and

Table-1: Composition of Board and attendance of Meetings during the year 2017-2018

Name	Category	No. of Board Meetings held during the year 2017-2018		Whether attended last AGM held on July 22, 2017	No. of Directorships in other public companies*	No. of committee positions in other public companies**	
		Held	Attended			Member	Chairman
Dr. Prakash A. Mody	Executive Director	8	8	Yes	1	0	0
Mr. Prafull Anubhai	Non-Executive, Independent	8	8	Yes	2	1	1
***Mr. Ramdas Gandhi	Non-Executive, Independent	8	6	No	3	1	3
Mr. Anand Mahajan	Non-Executive, Independent	8	6	Yes	2	2	1
Mr. Prafull Sheth	Non-Executive, Independent	8	8	Yes	0	0	0
Dr. (Mrs.) B. Kinnera Murthy	Non-Executive, Independent	8	8	Yes	2	0	0

* Excludes Directorships in Pvt. Ltd. Companies, Foreign Companies (including foreign subsidiaries of Unichem Laboratories Limited) and Companies under Section 8 of the Act.

** Covers only Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

*** Resigned with effect from May 29, 2018

Mr. Dilip Kunkolienkar was appointed as an Additional Director of the Company with effect from April 1, 2018 to hold office till the ensuing Annual General Meeting. He is also appointed as a Whole time Director of the Company with effect from April 1, 2018 for a period of five years upto March 31, 2023, subject to the approval of the shareholders at the ensuing Annual General Meeting.

c. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Mr. Anand Mahajan, Independent Director could not attend the meeting held on February 5, 2018 due to prior engagements. The other Independent Directors attended both the Meetings.

Business Responsibility Policy

Regulation 34(2) of the Listing Regulations, *inter alia,* provides that the annual report of the top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR").

Your Company is not featuring in the list of top 500 listed entities as per market capitalization calculated as on March 31, 2018 and hence the Business Responsibility Report is not provided for the financial year ended March 31, 2018.

Dividend Distribution Policy

Pursuant to the Listing Regulations, the Company has formulated a Dividend Distribution Policy, which forms part of this Annual Report as Annexure F and is also available on the Company's website https://unichemlabs.com/policies-code-of-conduct/dividend-distribution-policy/

Familiarization programme for Independent Directors

As and when a new Independent Director is appointed, the Company takes steps to familiarise the Independent Director with the Company, his/her roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. By way of an introduction, the Company presents to the Director a corporate CD which encompasses the history and operations of the Company.

Compliances required from the Directors under the Act and the Listing Regulations are explained to them in detail. Senior Management makes presentations periodically to familiarise the Directors with the strategy and operations of the Company.

The details of such familiarization programme have been displayed on the website of the Company and the weblink of the same is:

https://unichemlabs.com/policies-code-of-conduct/familiarization-programme-for-independent-directors/

Compliance with the Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics. The said Code is posted on the Company's website and the weblink of the same is:

https://unichemlabs.com/policies-code-of-conduct/code-of-business-conduct-ethics/

All Board members and Senior Management Personnel have affirmed compliance with the said Code for the year ended March 31, 2018. A declaration to this effect, signed by the Chairman & Managing Director is given below:

Declaration on Code of Business Conduct and Ethics

"In accordance with Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics for the financial year ended March 31, 2018".

Dr. Prakash A. Mody

Mumbai — Chairman & Managing Director

May 29, 2018 — DIN 00001285

Audit Committee

The Audit Committee met seven times during the financial year, namely April 1, 2017, May 30, 2017; August 9, 2017, November 3, 2017, December 11, 2017, January 8, 2018 and February 5, 2018. The composition of the Committee as on March 31, 2018, and the details on the number of Audit Committee Meetings held and attended by the Members during the financial year 2017-2018 are given in **Table-2**.

The terms of reference of the Committee are wide enough to cover matters specified for Audit Committees as given under Section 177 of the Act & Regulation 18 of the Listing Regulations.

The Chief Finance & Compliance Officer and Chief Internal

Table-2: Composition and attendance of Audit Committee Meetings during 2017-2018

Name of Director	Position	Category	No. of Meetings attended
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent	7
*Mr. Ramdas Gandhi	Member	Non-Executive, Independent	7
Mr. Prafull Sheth	Member	Non-Executive, Independent	6

* Resigned with effect from May 29, 2018

Mr. Dilip Kunkolienkar, Wholetime Director- Designated as Director Technical was appointed as a member of the Audit Committee with effect from May 29, 2018

Auditor & Compliance Officer and a representative of the Statutory Auditors and the Cost Auditor were regular invitees to the Meetings.

The Company Secretary acts as Secretary to the Committee.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee during the financial year 2017- 2018 is given in **Table -3**.

The terms of reference of the Committee are wide enough to cover matters specified for the Committee as given under Section 178 of the Act and Regulation 19 of the Listing Regulations. The said Committee met five times during the financial year namely April 1, 2017, May 30, 2017, August 9, 2017, January 8, 2018 and March 31, 2018.

The Company Secretary acts as Secretary to the Committee.

Nomination and Remuneration Policy

The Company's Nomination and Remuneration Policy considers human resources as its invaluable assets. The said Policy aims to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company. The Remuneration Policy for all employees is designed to attract talented personnel and remunerate them fairly and responsibly, this being a continuous, ongoing exercise at each level in the organization.

Whole Time/ Managing Director

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director. A proper balance between fixed and variable component is aimed at. Salary is paid based on the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors, subject to the approval of the shareholders within the limits stipulated by the Act and the Rules made thereunder. The remuneration paid to the Whole Time Director is determined keeping in view the industry benchmark and the relative performance of the Company compared to the industry performance.

Non-Executive Directors

Non-Executive Directors receive sitting fees for attending Meetings of the Board and its Committees as per the provisions of the Act and the Rules made thereunder. Besides payment of sitting fees and dividend on equity shares, if any, held by the Directors no other remuneration is paid to the Non-Executive Directors. The Nomination and Remuneration Committee may recommend to the Board, the payment of commission taking into account the evaluation of the performance of the Directors.

Key Managerial Personnel (KMP) and other Employees

The remuneration of KMP other than the Whole Time Director and other Senior Managerial Employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience, merits and performance of each employee. The Company while deciding the remuneration package takes into consideration the current employment scenario and remuneration package prevalent in the industry and peer group companies.

Performance evaluation

Pursuant to the provisions of the Act and Regulation 17 (10) of the Listing Regulations, the Board has carried out an annual performance evaluation of the working of its own performance, its Committees and the Directors individually. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who were subject to evaluation did not participate. A structured questionnaire was prepared after taking into consideration inputs received from the Directors covering various aspects of the Board's/Committees' functioning.

The evaluation of the Directors was done on various parameters such as vision and strategy, Board participation, Board disclosures of interests, review of risk management policies, evaluating plans with reference to risk and return, Good Governance and Leadership skills. The Directors expressed their satisfaction with the evaluation process.

Table-3: Composition and attendance of Nomination and Remuneration Committee Meetings during 2017-2018

Name of Director	Position	Category	No. of Meetings attended
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent	5
*Mr. Ramdas Gandhi	Member	Non-Executive, Independent	4
Mr. Prafull Sheth	Member	Non-Executive, Independent	5

* Resigned with effect from May 29, 2018
Mr. Anand Mahajan was appointed as a member of the Nomination and Remuneration Committee with effect from May 25,2018

Remuneration of Directors

The Remuneration details are given in **Table-4**.

Shareholding of the Non-Executive Directors

Details of shares held by Non-Executive Directors as on March 31, 2018:

Name	No. of shares held
Mr. Prafull Anubhai	782
Mr. Ramdas Gandhi	16,532
Mr. Anand Mahajan	15,029
Mr. Prafull Sheth	7,500
Dr. (Mrs.) B. Kinnera Murthy	Nil

The Company has not issued any convertible instruments during the financial year ended March 31, 2018. None of the Directors had any relationship inter-se.

Stakeholders' Relationship Committee

The composition of the Stakeholders' Relationship Committee and the details of the number of Meetings held and attended by the Members during the financial year 2017-2018 are given in **Table-5**. The Committee focuses on shareholders' grievances and strengthening of investor relations.

The Stakeholders' Relationship Committee met four times during the financial year namely May 30, 2017; July 22, 2017; November 3, 2017 and January 8, 2018. During the year twelve complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants and no investor complaint was pending at the beginning or at the end of the year. The Company has acted upon valid requests for share transfers received during the year and no such request is pending.

The Company has a dedicated e-mail id shares@unichemlabs.com where investors and the other stakeholders can address their queries and grievances.

The Company Secretary is the Compliance Officer and also acts as Secretary to the Committee.

Risk Management

Pursuant to Regulation 21 of the Listing Regulations, the Company does not come in the top 100 entities which have to mandatorily constitute a Risk Management Committee. However, the Company has procedures for risk assessment and minimisation.

Corporate Social Responsibility Committee (CSR)

The composition of the Corporate Social Responsibility Committee and the details on the number of Meetings held and attended by the Members during the financial year 2017-

Table-4: Remuneration paid to the Directors for 2017-2018 (₹ in lakhs)

Name	Sitting Fees**	Commission payable for 2017-2018@	Consolidated Salary#	Perquisites and Allowances#	Total Amount
*Dr. Prakash A.Mody	NA	NA	131.28	12.03	143.31
Mr. Prafull Anubhai	19.80	NA	NA	NA	19.80
Mr. Ramdas Gandhi	15.80	NA	NA	NA	15.80
Mr. Anand Mahajan	5.50	NA	NA	NA	5.50
Mr. Prafull Sheth	14.90	NA	NA	NA	14.90
Dr. (Mrs.) B. Kinnera Murthy	9.70	NA	NA	NA	9.70

NA Not Applicable
* Eligible to receive commission @1% of the Net Profits of the Company, computed under Sections 197and 198 of the Act and the Rules made thereunder. However due to inadequate profit no commission is payable for the year under review.
** Sitting Fees are exclusive of Service Tax/Goods and Service Tax, paid extra under reverse charge mechanism
\# Fixed Component
@ Variable Component

Table-5: Composition and attendance of Stakeholders' Relationship Committee Meetings during 2017-2018

Name of Director	Position	Category	No. of Meetings attended
*Mr. Ramdas Gandhi	Chairman	Non-Executive, Independent	3
Dr. Prakash A. Mody	Member	Executive Director	4
**Mr. Prafull Anubhai	Member	Non-Executive, Independent	4

* Resigned with effect from May 29, 2018
** Appointed as the Chairman of the Committee with effect from May 29, 2018
(Dr.) (Mrs.) B. Kinnera Murthy was appointed as a member of the Committee with effect from May 29, 2018

2018 are given in **Table-6**. The terms of reference of the said Committee broadly comprise the following:

a. To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act; and

b. To provide guidance on various CSR activities to be undertaken by the Company and to monitor their progress.

The Committee met four times during the financial year on May 30, 2017, November 3, 2017, January 8, 2018 and March 31, 2018. The Company Secretary acts as Secretary to the Committee.

CEO and CFO Certification

The Managing Director and CFO have inter alia certified to the Board of Directors, the accuracy of financial statements and adequacy of internal controls for financial reporting as required under Regulation 17(8) of the Listing Regulations for the year ended March 31, 2018, and the same was placed before the Board of Directors at its Meeting held on May 29, 2018.

General Body Meetings

a. Details of the last 3 (three) Annual General Meetings are given in **Table-7**.

b. Resolutions passed through Postal Ballot:

(i) Approval of shareholders through Postal Ballot was obtained on December 6, 2017, for sale and transfer of the Company's business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal, by way of a slump sale on a going concern basis, to Torrent Pharmaceuticals Limited. The transaction was completed on December 14, 2017. Summary results of Postal Ballot and E-Voting is given in **Table 8(a)**.

(ii) Approval of Shareholders through Postal Ballot was obtained on February 9, 2018 to buyback 2,06,00,000 Equity Shares (being less than 25% of the paid up equity share capital of the Company) at a price of ₹ 430/- (Rupees four hundred thirty only) per Equity Share, payable in cash, aggregating to an amount of ₹ 885,80,00,000 (Rupees eight hundred eighty five crores eighty

Table-6: Composition and attendance of Corporate Social Responsibility Committee Meetings during 2017-2018

Name of Director	Position	Category	No. of Meetings attended
Dr. Prakash A. Mody	Chairman	Executive Director	4
Mr. Prafull Anubhai	Member	Non-Executive, Independent	4
*Mr. Ramdas Gandhi	Member	Non-Executive, Independent	3
(Dr.) (Mrs.) B. Kinnera Murthy	Member	Non-Executive, Independent	4

* Resigned with effect from May 29, 2018

Table-7: Details of the last 3 (three) Annual General Meetings (AGM)

AGM	Year	Venue	Date	Time	Items of Special Resolution passed at each meeting
54th	2016-2017	Hall of Culture, Nehru Centre Dr. Annie Besant Road, Worli Mumbai - 400 018	July 22, 2017	3.00 p.m.	Re-appointment of (Dr.) (Mrs.) B. Kinnera Murthy as an Independent Director of the Company for a second term of five consecutive years w.e.f March 21, 2018
53rd	2015-2016	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli Mumbai - 400 018	July 23, 2016	3.00 p.m.	No Special Resolutions were passed at this Meeting.
52nd	2014-2015	M.C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor 18/20 K. Dubhash Marg Mumbai 400 001	July 11, 2015	3.00 p.m.	No Special Resolutions were passed at this Meeting.

Table-8(a): Summary results of Postal Ballot and E-Voting
Special Resolution: Sale of Domestic Business of the Company

Particulars	No. of Equity Shares	% of total number of votes cast
Total Valid Votes Cast	5,82,91,448	100.00
Assented to Resolution	5,69,16,767	97.65
Dissented to Resolution	13,74,681	2.35

lakhs only) on a proportionate basis through a tender offer route in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Companies Act, 2013 and the rules made thereunder, as amended. Summary results of Postal Ballot and E-Voting is given in **Table 8(b)**

(iii) Approval of Shareholders was obtained through Postal Ballot on May 15, 2018 to create, grant, offer, issue and allot 52,75,275 (Fifty two lac, seventy five thousand and two hundred and seventy five) equity shares of the face value of ₹ 2/- each; i.e., 7.50% of the issued, subscribed and paid-up equity share capital of the Company under the Unichem Employee Stock Option Scheme 2018 (Scheme) for the employees of the Company and of its subsidiary company (ies) and setting up Unichem Employee Welfare Trust(s) for implementing the Scheme. Summary results of Postal Ballot and E-Voting is given in **Table 8(c)(i), (ii) and (iii)**.

Disclosures

Related Party Transactions

There were no materially significant transactions with Related Parties during the financial year, which were in conflict with the interest of the Company at large. The Company has in place a policy on Related Party Transactions and the same is displayed on the Company's website and the weblink of the same is:

https://unichemlabs.com/policies-code-of-conduct/related-party-transactions/

Details of Non compliance

During the past 3 (three) years there have been no instances of non compliance by the Company with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital markets except in the financial year 2016-2017 when the National Stock Exchange of India Limited (NSE) had sought a clarification from the Company on delayed reporting of the proceedings of the 53rd Annual General Meeting (AGM) of the Company held on July 23, 2016. The Company had clarified that the proceedings were filed with the Exchange did not contain any material new information and was a mere reiteration of the facts already stated in the voting results of the 53rd AGM given within the stipulated time as required under Regulation 44 of the Listing Regulations. No action had been initiated by NSE against the Company.

Material Subsidiary

The Company has formulated a Policy on material subsidiary and the same is displayed on the Company's website and the weblink of the same is https://unichemlabs.com/policies-code-of-conduct/policy-on-material-subsidiaries/

Table-8(b): Summary results of Postal Ballot and E-Voting
Special Resolution: Buyback of Equity Shares

Particulars	No. of Equity Shares	% of total number of votes cast
Total Valid Votes Cast	5,47,30,530	100.00
Assented to Resolution	5,43,80,911	99.36
Dissented to Resolution	3,49,619	0.64

Table-8(c)(i): Summary results of Postal Ballot and E-Voting
Special Resolution: Approval of Unichem Employee Stock Option Scheme 2018

Particulars	No. of Equity Shares	% of total number of votes cast
Total Valid Votes Cast	4,17,61,557	100.00
Assented to Resolution	4,03,70,549	96.67
Dissented to Resolution	13,91,008	3.33

Table-8(c)(ii): Summary results of Postal Ballot and E-Voting. Special Resolution: Approval for setting up Unichem Employee Welfare Trust(s) to implement the Unichem Employee Stock Option Scheme 2018

Particulars	No. of Equity Shares	% of total number of votes cast
Total Valid Votes Cast	4,17,63,051	100.00
Assented to Resolution	4,03,71,300	96.67
Dissented to Resolution	13,91,751	3.33

Table-8(c)(iii): Summary results of Postal Ballot and E-Voting. Grant of stock options to the employees of the subsidiary company(ies)of the Company under Unichem Employee Stock Option Scheme 2018.

Particulars	No. of Equity Shares	% of total number of votes cast
Total Valid Votes Cast	4,17,60,191	100.00
Assented to Resolution	4,03,59,623	96.65
Dissented to Resolution	14,00,568	3.35

Whistle Blower Policy

The Company has in place a Whistle Blower/Vigil Mechanism through which its Stakeholders, Directors and Employees can report their genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said Policy provides for adequate safeguards against victimization and also direct access to the Audit Committee. The e-mail id for reporting genuine concerns is whistleblower@unichemlabs.com

Compliance with the Mandatory Requirements of the Listing Regulations

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

Adoption of Non Mandatory Requirements

The Company has not adopted the non-mandatory requirements of the Listing Regulations.

Management Discussion and Analysis Report

The information required under the Management Discussion and Analysis Report is separately given in this Annual Report.

Brief profile of Directors seeking appointment/re-appointment

As required, a brief profile and other particulars of the Director retiring by rotation / seeking appointment/re-appointment is given in the Notice of the 55th AGM and forms a part of this Annual Report.

Commodity price risk or foreign exchange risk and hedging activities

During the financial year ended March 31, 2018, the Company managed its foreign exchange risk and hedged to the extent considered necessary/permitted. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in the Financial Statements.

Means of Communication

a. The Unaudited/audited quarterly/half yearly results are announced within 45 (forty five) days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year and as per the requirements of the Listing Regulations.

b. The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper namely, Business Standard. In addition, the same are published in a local language (Marathi) newspaper namely, Sakal, within 48 (forty eight) hours of approval thereof. Presently the same are not sent to the shareholders separately.

c. The Company's financial results and official press releases are displayed on the Company's website: www.unichemlabs.com

d. Any presentation made to the institutional investors and / or analysts are also posted on the Company's website and sent to the Stock Exchanges where the Company shares are listed.

e. The quarterly results, shareholding pattern, quarterly compliances and all other corporate communications to the Stock Exchanges viz. BSE Limited and NSE are filed electronically. The Company has complied with filing submissions through the BSE Listing Centre. The said information is also filed electronically with NSE through the NEAPS portal.

f. A separate dedicated section under "Investors", on the Company's website gives information on unclaimed dividends, shareholding pattern, quarterly/half yearly results and other relevant information of interest to the investors/public.

General Shareholder Information

Date, Time and Venue of the 55th AGM

Date: July 28, 2018

Time: 3.00 p.m.

Venue: Rama Watumull Auditorium,
Kishinchand Chellaram College (K. C. College),
124, Dinshaw Wachha Road,
Churchgate, Mumbai 400 020

Financial Year: April 1, 2017 to March 31, 2018

Dates of Book Closure

Monday, July 23, 2018 to Saturday, July 28, 2018 (both days inclusive)

Dividend Payment Date

Dividend of ₹ 5/- (250%) per share having a face value of ₹ 2/- fully paid-up for the year 2017-2018 has been recommended by the Board of Directors. If approved by the shareholders at the ensuing AGM, the same will be paid to the shareholders on or before August 3, 2018.

Stock Exchanges on which shares are listed

BSE Limited (BSE)

National Stock Exchange of India Limited (NSE)

The Annual Listing Fees have been paid by the Company and there is no payment outstanding towards the Stock Exchanges as on date.

Stock Codes

BSE 506690

NSE UNICHEMLAB

Unclaimed Dividend

Dividend remaining unclaimed for 7 (seven) years, will be transferred to the Investor Education and Protection Fund as per the Act and Rules made thereunder. Shareholders who have not claimed their Dividends may do so before these are statutorily transferred and are requested to immediately approach the Investor Relations Department of the Company for issue of duplicate dividend warrants **Table -9**.

Disclosure with respect to Demat Suspense Account / Unclaimed Suspense Account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in **Table- 10**:

Registrar and Share Transfer Agents (RTA)

Link Intime India Pvt. Ltd.

C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083

Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060

Email: mumbai@linkintime.co.in

Share Transfer System

Share transfers are registered and returned within fifteen days from the date of receipt, subject to the documents being valid and complete in all respects. Share certificates, duly endorsed are issued or transferred to all those shareholders who opt to hold shares in physical mode.

The Company has delegated the authority to approve share transfers to its RTA, Link Intime India Pvt. Ltd. The Company obtains from a Company Secretary in Practice, half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (9) of the Listing Regulations and files a copy of the certificate with the Stock Exchanges.

There are no legal proceedings pending against the Company before the Company Law Board in respect of dispute over title to shares in which the Company has been made a party.

Dematerialisation of Shares and Liquidity

The Company's equity shares form part of the dematerialisation segment for all investors. As on March 31, 2018, 96.25% of the paid up capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Table-9: Unclaimed Dividend

Financial Year	Type of Dividend	Date of Declaration of Dividend	Last date for claiming unclaimed Dividend
2010-2011	Final	28.07.2011	03.09.2018
2011-2012	Final	27.09.2012	03.11.2019
2012-2013	Final	19.07.2013	25.08.2020
2013-2014	Interim	18.01.2014	24.02.2021
2013-2014	Final	12.07.2014	18.08.2021
2014-2015	Final	16.07.2015	22.08.2022
2015-2016	Interim	09.03.2016	15.04.2023
2016-2017	Final	22.07.2017	28.08.2024

Table-10: Details of Shares transferred to IEPF account

Particulars	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as at April 1, 2017	261	5,11,865
(Less): Number of shareholders who approached the Issuer for transfer of shares from the Unclaimed Suspense Account and to whom the shares were transferred from the Unclaimed Suspense Account	6	3,490
(Add): Number of Shareholders and their shares transferred to Unclaimed Suspense Account during the year	-	-
Number of shares transferred from unclaimed suspense account to the IEPF authority during the Financial Year 2017-18	199	3,82,815
Aggregate number of outstanding equity shares in the Unclaimed suspense Account as at March 31, 2018	56	1,25,560

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

Plant locations: The data is given on the inside cover of the Annual Report.

Address for correspondence

Registered Office
Unichem Bhavan, Prabhat Estate, Off S. V. Road,
Jogeshwari (West), Mumbai - 400 102
Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391
Website: www.unichemlabs.com

For Secretarial matters

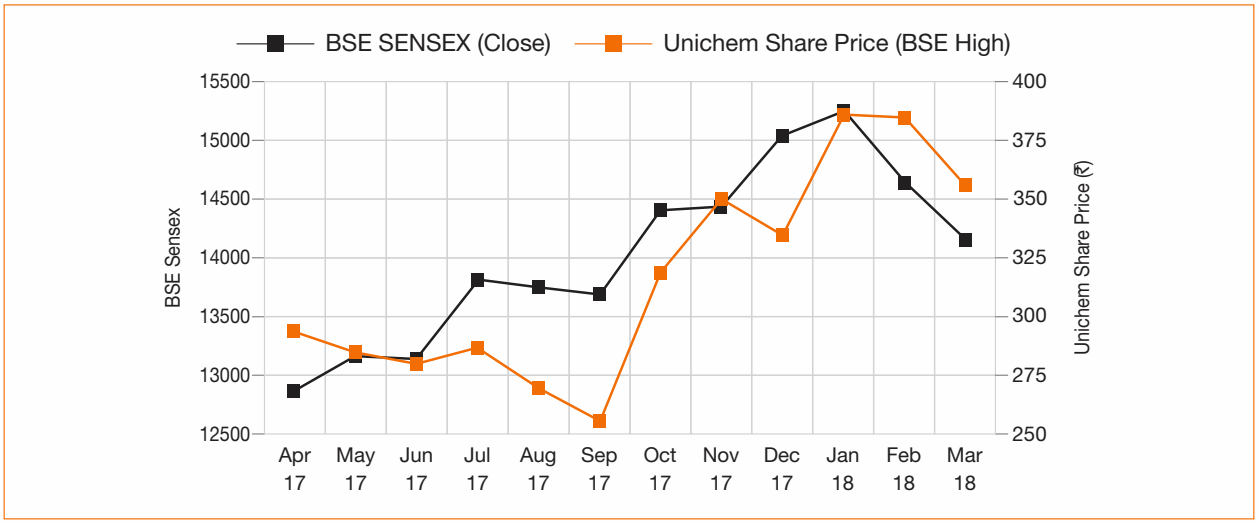
Ms. Shalini Kamath / Mr. Dilip Bhor
Unichem Bhavan, Prabhat Estate, Off S. V. Road,
Jogeshwari (West), Mumbai - 400 102
Tel.: (022) 6688 8478 / 439
E-mail Id.: shares@unichemlabs.com

Market Price data

(Figures in ₹)

Month	High (BSE)	Low (BSE)	High (NSE)	Low (NSE)
April, 2017	298.00	270.00	298.40	270.00
May, 2017	281.05	239.05	281.65	238.75
June, 2017	277.00	245.65	278.00	245.25
July, 2017	282.00	264.05	282.00	261.85
August, 2017	270.70	234.10	271.50	235.00
September, 2017	255.00	235.95	255.00	231.00
October, 2017	323.50	242.05	323.05	242.50
November, 2017	350.25	284.35	347.00	243.20
December, 2017	332.80	293.05	332.70	293.00
January, 2018	382.00	317.95	382.00	323.00
February, 2018	380.50	314.00	380.50	313.35
March, 2018	354.00	280.25	354.00	284.00

Share Performance of the Company in comparison to broad based indices of BSE-Sensex



Distribution of Shareholding on March 31, 2018

Sr. No.	Share Holding of Nominal Value (₹)	No. of Share Holders	% of Total Share Holders	No. of Shares	% of Total Share Holding
1	Upto 5,000	45,974	98.47	1,39,42,029	19.82
2	5,001 – 10,000	424	0.91	28,78,640	4.09
3	10,001 – 20,000	151	0.32	21,14,705	3.01
4	20,001 – 30,000	58	0.11	14,50,725	2.06
5	30,001 – 40,000	15	0.03	5,23,630	0.74
6	40,001 – 50,000	10	0.03	4,53,516	0.64
7	50,001 – 1,00,000	20	0.05	12,27,404	1.75
8	1,00,001 and above	34	0.08	4,77,46,351	67.89
	Grand Total	**46,686**	**100.00**	**7,03,37,000**	**100.00**

Shareholding Pattern as on March 31, 2018

Table I - Statement showing shareholding pattern of the Promoter and Promoter Group			
Category	**No. of shareholders**	**No. of equity shares held**	**% of shareholding**
1 Indian			
(a) Individuals	4	3,56,42,664	50.67
2 Foreign			
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-

Table II - Statement showing shareholding pattern of the Public shareholders			
1 Institutions			
(a) Mutual Fund	5	17,86,783	2.54
(b) Alternate Investment Funds	2	8,97,442	1.28
(c) Foreign Portfolio Investor	60	37,53,784	5.34
(d) Financial Institutions / Banks	5	39,598	0.06
(e) Insurance Companies	4	13,99,483	1.99
(f) Foreign Mutual Fund	1	47,924	0.07
(g) Foreign Bank	1	500	-
2 Non-Institutions			
(a) Individuals			
i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	41,236	1,84,46,103	26.10
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	6	15,91,992	2.26
(b) Others			
IEPF	1	4,96,532	0.84
Trusts	5	64,356	0.09
Foreign Nationals	1	6,646	0.01
Hindu Undivided Family	3,183	12,11,238	1.72
Non Resident Indians (Non Repat)	169	5,54,269	0.79
Other Directors and Relatives (Other than Promotor director and his relatives)	8	99,042	0.14
Non Resident Indians (Repat)	280	1,54,192	0.22
Clearing Member	167	2,83,854	0.40
Market Maker	5	1,671	-
Bodies Corporate	552	38,58,927	5.48
	45,695	**7,03,37,000**	**100.00**

Financial Calendar (Tentative)

Results for the Quarter and Year ending on	Tentative date
Unaudited results for the first quarter ending June 30, 2018	Last week of July 2018
Unaudited results for the second quarter and half year ending September 30, 2018	Last week of October 2018
Unaudited results for the third quarter and nine months ending December 31, 2018	Last week of January 2019
Audited results for year ending March 31, 2019	Last week of May 2019

Auditors Certificate

The Statutory Auditors Certificate on compliance with the conditions of Corporate Governance is annexed herewith.

For and on behalf of the Board of Directors

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN 00001285)

Mumbai
May 29, 2018

Auditors' Certificate on Corporate Governance

To,
The Members
Unichem Laboratories Limited

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

1. Based on the engagement by the management of Unichem Laboratories Limited ('the Company'), we have examined details of compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2018 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchange.

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

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

4. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause/Regulation as applicable. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

7. In our opinion and to the best of our information and according to explanations given to us and representations made by the Directors and management, we certify that during the year ended 31st March, 2018, the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above.

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

Restrictions on use

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

For N. A. Shah Associates LLP
Chartered Accountants
Firm registration number: 116560W/W100149

Milan Mody
Partner
Membership number: 103286

Mumbai
May 29, 2018

Independent Auditors' Report to the Members of Unichem Laboratories Limited

To

The Members of

Unichem Laboratories Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Unichem Laboratories Limited ("the Company") which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's responsibility for the standalone financial statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 of standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free of material misstatements.

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

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

Opinion

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

Other matters

a) The figures for the year ended 31st March 2017 are based on the annual financial statements that were audited by the erstwhile auditors whose report dated 30th May, 2017 expressed unmodified opinion.

b) As mentioned in note 46 of the standalone financial statements for the year ended 31st March 2018, during the year, the Company has transferred its domestic formulation business in India and Nepal (i.e. discontinued operations) to Torrent Pharmaceuticals Limited. Accordingly the previous year figures are regrouped into continuing and discontinued operations. These regrouped previous year figures are prepared and certified by the Management.

Our opinion is not qualified in regard to the above matters.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity 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 Accounting Standards specified under Section 133 of the Act;
   e. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
   f. With respect to adequacy of internal financial controls system over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in Annexure II; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer note 34 (i) & (v) and note 35 to the standalone financial statements; except certain claims made by the ex-employees whose services were terminated in earlier years and are not acknowledged as debts. The financial impact of these claims cannot be estimated. However in the opinion of the management, these claims are not tenable;
      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.

For N. A. Shah Associates LLP
Chartered Accountants
Firm registration number: 116560W/W100149

Milan Mody
Partner
Membership number: 103286

Mumbai
May 29, 2018

ANNEXURE I TO THE INDEPENDENTS AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

(Referred to in paragraph 1 under, Report on Other Legal and Regulatory Requirements section of our Report of even date)

(i) In respect of fixed assets (property, plant and equipment and investment property):

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

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties which are freehold are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as Property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company as at the balance sheet date.

(ii) The inventories have been physically verified during the year by the management, except for the inventories lying with the third parties as at balance sheet date, which have been confirmed by them. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the requirement of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the Company.

(iv) The Company has complied with the provisions of Section 186 of the Act in respect of the investments made by the Company. Further, there are no loans, guarantees or securities given by the Company which are covered under section 186 of the Act. There are no transactions during the year which are covered under section 185 of the Act and therefore question of commenting on compliance of section 185 of the Act does not arise.

(v) In our opinion and according to the explanations given to us, the Company has not accepted any deposits. Therefore, question of reporting compliance with directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed there under does not arise. We are informed that no order relating to the Company has been passed by the Company law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as prescribed by the Central Government for the maintenance of cost records under Section 148 (1) of the Act relating to the manufacture of drugs and pharmaceuticals and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete

(vii) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of account, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable to the Company, during the year with the appropriate authorities. There are no undisputed statutory dues payable in respect to above statutes, outstanding as at 31st March 2018 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us and on the basis of our examination of the records of the Company, there is no disputed sales tax, goods and services tax, service tax, duty of customs, duty of excise and value added tax as on 31st March, 2018 which have not been deposited except the following disputed dues which have not been deposited since the matters are pending with the relevant forum:

Name of the Statutes	Nature of the dues	Disputed amount	Amount paid in protest	Unpaid amount	Period to which it relates	Forum where dispute is pending
The Income tax Act, 1961	TDS and Interest	41.50	-	41.50	2007-2017	In the process of filing rectification/ appeal
The Uttar Pradesh Value Added Tax Act, 2008	Penalty	20.44	-	20.44	FY 2008-2009	Hon'ble High Court of Judicature at Allahabad
The Madhya Pradesh Value Added Tax Act, 2002	Entry Tax and Interest	10.94	2.73	8.21	FY 2015-16	Additional Commissioner of Commercial tax, Indore

Name of the Statutes	Nature of the dues	Disputed amount	Amount paid in protest	Unpaid amount	Period to which it relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty and Penalty	215.95	86.93	129.02	April 2003 to November 2013	Appellate Tribunal (CESTAT)-Mumbai
The Finance Act, 1944 (Service Tax)	Disallowance of Service Tax Credit & Penalty	498.22	22.57	475.65	FY 2008-09 to August 2015	Appellate Tribunal (CESTAT)-Mumbai
The Finance Act, 1944 (Service Tax)	Disallowance of Service Tax Credit	82.55	-	82.55	September 2015 to May 2016	In the process of filing appeal to Commissioner of Central tax (Appeals)
The Finance Act, 1944 (Service Tax)	Disallowance of Service Tax Credit & Penalty	139.88	5.24	134.64	January 2012 to March 2012	Appellate Tribunal (CESTAT)-Kolkatta
The Central Excise Act, 1944	Disallowance of CENVAT Credit	41.42	3.10	38.32	FY 2011-12 to 2012-13	Commissionerate (Appeal)- Siliguri
The Finance Act, 1944 (Service Tax)	Disallowance of Service Tax Credit	8.02	-	8.02	February 2016 to June 2017	Commissionerate (Appeal)- Siliguri

(viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to banks during the year. The Company has not borrowed any money from financial institutions or debenture holders or Government.

(ix) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable to the Company.

(x) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to information and explanation given to us, we have neither noticed nor have been informed by the management, any incidence of fraud by the Company or on the Company by its officers or employees.

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

(xii) The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause (xv) of paragraph 3 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. Therefore, the provisions of the clause (xvi) of the Order are not applicable to the Company.

For N. A. Shah Associates LLP
Chartered Accountants
Firm registration number: 116560W/W100149

Milan Mody
Partner
Membership number: 103286

Mumbai
May 29, 2018

ANNEXURE I TO THE INDEPENDENTS AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

(Referred to in paragraph 1 under, Report on Other Legal and Regulatory Requirements section of our Report of even date)

Report on the Internal Financial Controls under section 143(3)(i) of the Act

We have audited the internal financial controls over financial reporting of Unichem Laboratories Limited ("the Company"), as of 31st March, 2018, in conjunction with our audit of the Ind AS 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 (the "Guidance Note"), issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N. A. Shah Associates LLP
Chartered Accountants
Firm registration number: 116560W/W100149

Milan Mody
Partner
Membership number: 103286

Mumbai
May 29, 2018

Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I. ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	55,111.92	46,417.02
(b) Capital Work-in-progress	3	23,553.08	24,725.96
(c) Investment Property	4	372.22	378.53
(d) Financial Assets			
(i) Investments	5	8,324.83	8,137.10
(ii) Loans	6	6.94	8.59
(iii) Other Financial Assets	7	940.58	1,258.55
(e) Other Non-current Assets	8	1,246.34	643.41
		89,555.91	**81,569.16**
Current Assets			
(a) Inventories	9	20,775.60	25,398.41
(b) Financial Assets			
(i) Investments	10	89,555.14	800.24
(ii) Trade Receivables	11	22,704.98	29,649.22
(iii) Cash and Bank Balances	12		
Cash & Cash Equivalents		66,064.03	777.39
Other Bank Balances		1,296.49	238.64
(iv) Loans	13	5.34	8.58
(v) Other Financial Assets	14	2,925.00	249.46
(c) Other Current Assets	15	17,409.21	11,602.94
		2,20,735.79	**68,724.88**
TOTAL ASSETS		**3,10,291.70**	**1,50,294.04**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	16	1,406.74	1,817.53
(b) Other Equity	17	2,74,759.86	1,11,255.27
		2,76,166.60	**1,13,072.80**
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	32.68	43.77
(ii) Other Financial Liabilities	19	-	2,014.59
(b) Provisions	20	1,075.90	2,532.61
(c) Deferred Tax Liabilities (net)	21	3,429.01	2,449.51
		4,537.59	**7,040.48**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	-	55.14
(ii) Trade Payables	23	21,150.94	22,827.58
(iii) Other Financial Liabilities	24	4,164.87	4,436.52
(b) Other Current Liabilities	25	1,875.18	1,236.33
(c) Provisions	26	1,935.27	1,457.39
(d) Current Tax Liabilities (net)		461.25	167.80
		29,587.51	**30,180.76**
TOTAL EQUITY AND LIABILITIES		**3,10,291.70**	**1,50,294.04**
Significant Accounting Policies & Notes	**1 - 54**		

Notes to Accounts form an integral part of financial statements

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Place: Mumbai
Date: 29th May, 2018

Statement of Profit and Loss for the year ended 31st March, 2018 (₹ in Lakhs)

Particulars	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
CONTINUING OPERATIONS			
I Revenue from operations (inclusive of excise duty upto June 2017)	27	66,973.05	57,702.28
II Other income	28	6,288.60	719.25
III Total Income (I+II)		**73,261.65**	**58,421.53**
IV EXPENSES			
Cost of materials consumed	29	34,598.21	25,623.05
Changes in inventories of finished goods and work-in-progress	29	470.21	(667.85)
Excise duty on sale of goods		39.34	95.26
Employee benefits expense	30	14,653.63	11,768.07
Finance costs	31	316.69	199.76
Depreciation and amortization expense	3	4,504.12	3,941.13
Other expenses	32	30,834.49	26,685.57
Total expenses (IV)		**85,416.69**	**67,644.99**
V Profit/(loss) before tax (III- IV)		**(12,155.04)**	**(9,223.46)**
VI Tax expense:			
(1) Current tax (set off against tax on discontinued operations)	21	-	(1,408.08)
(2) Deferred tax	21	1,257.90	(262.25)
(3) Short / (Excess) provision for tax (earlier years)	21	(1,271.99)	-
VII Profit (Loss) for the year from continuing operations (V-VI)		**(12,140.95)**	**(7,553.13)**
DISCONTINUED OPERATIONS			
VIII Profit/(loss) from discontinued operations	46		
A. Profit / (loss) from discontinued operations		15,358.12	22,383.15
B. Gain on sale of identified business (net)		3,21,731.05	-
Profit/(loss) for the year from discontinued operations (A+B)		3,37,089.17	22,383.15
IX Tax on discontinued operations	21	69,288.37	4,443.30
X Profit/(loss) from discontinued operations (after tax) (VIII-IX)		**2,67,800.80**	**17,939.85**
XI Profit/(loss) for the year (VII+X)		**2,55,659.85**	**10,386.72**
XII Other Comprehensive Income	33		
A (i) Items that will not be reclassified to profit or loss(net)		(180.08)	(280.53)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	157.00
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XIII Total Comprehensive Income for the year (XI+XII)		**2,55,479.77**	**10,263.19**
Earnings per equity share(face value of Rs 2 each)	47		
XIV Earnings per equity share (for continuing operations):			
(1) Basic		(13.39)	(8.31)
(2) Diluted		(13.38)	(8.30)
XV Earnings per equity share (for discontinued operations):			
(1) Basic		295.27	19.74
(2) Diluted		295.08	19.71
XVI Earnings per equity share (for discontinued & continuing operations):			
(1) Basic		281.88	11.43
(2) Diluted		281.70	11.41
Significant accounting policies & notes	**1 - 54**		

Notes to Accounts form an integral part of financial statements

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2018

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Statement of Changes in Equity for the year ended 31st March, 2018

A. Equity Share Capital

Particulars	2017-2018		2016-2017	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Number of Shares outstanding as at the beginning of the year	**9,08,76,525**	**1,817.53**	**9,08,43,200**	**1,816.86**
Add: Number of shares allotted under ESOP during the year	60,475	1.21	33,325	0.67
Less: Buyback of shares during the year	(2,06,00,000)	(412.00)	-	-
Number of Shares outstanding as at the end of the year	**7,03,37,000**	**1,406.74**	**9,08,76,525**	**1,817.53**

B. Other Equity

(₹ in Lakhs)

Particulars	Share application money pending allotment	Employee stock options outstanding account	Reserves and Surplus					Other Comprehensive Income	Total
			General Reserve	Securities Premium Reserve	Capital Reserve	Capital Redemption Reserve	Retained Earnings		
Balance at 31st March, 2016	**-**	**115.38**	**18,595.36**	**8,052.01**	**62.47**	**-**	**74,061.61**	**11.57**	**1,00,898.40**
Profit for the year	-	-	-	-	-	-	10,386.72	-	10,386.72
Other comprehensive income for the year	-	-	-	-	-	-	-	(123.53)	(123.53)
Recognition of share-based payments (ESOP)	-	17.45	-	64.48	-	-	-	-	81.93
Issue of shares under ESOP	11.75	-	-	-	-	-	-	-	11.75
Balance at 31st March, 2017	**11.75**	**132.83**	**18,595.36**	**8,116.49**	**62.47**	**-**	**84,448.33**	**(111.96)**	**1,11,255.27**
Profit for the year	-	-	-	-	-	-	2,55,659.85	-	2,55,659.85
Other comprehensive income for the year	-	-	-	-	-	-	-	(180.08)	(180.08)
Payment of dividends (Incl. Tax on dividend)	-	-	-	-	-	-	(3,282.85)	-	(3,282.85)
Transfer to retained earnings	-	-	-	-	(62.47)	-	62.47	-	-
Recognition of share-based payments (ESOP)	-	(73.53)	-	-	-	-	-	-	(73.53)
Issue of shares under ESOP	(11.75)	-	-	117.02	-	-	-	-	105.27
Buyback of shares	-	-	(18,595.36)	(8,233.51)	-	-	(61,339.13)	-	(88,168.00)
Transaction costs related to buyback(net of tax)	-	-	-	-	-	-	(556.07)	-	(556.07)
Transfer to capital redemption reserve upon buyback	-	-	-	-	-	412.00	(412.00)	-	-
Balance at 31st March, 2018	**-**	**59.30**	**-**	**-**	**-**	**412.00**	**2,74,580.60**	**(292.04)**	**2,74,759.86**

Significant accounting policies & notes **1 - 54**

Notes to Accounts form an integral part of standalone financial statements

Share application money pending allotment Share application money pending allotment represents money received from shareholders towards application of new shares, the allotment of which is not made indicate the share application money pending allotment.

Employee stock options outstanding account The fair value of the equity-settled share based payment transactions with employees is recognised in standalone statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

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

Securities premium reserve: The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the section 52 of the Companies Act, 2013.

Capital reserve: Capital reserve is reclassified to retained earnings considering there are no pending obligations against grants / subsidy received.

Capital redemption reserve: The Company has recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilised in accordance with the section 69 of the Companies Act, 2013.

Other comprehensive Income: The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Mumbai
29th May, 2018

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
A. Cash Flow from Operating Activities				
Net Profit/(loss) before tax from continuing operations		(12,155.04)		(9,223.46)
Net Profit/(loss) before tax from discontinued operations		3,37,089.17		22,383.15
Net Profit before tax		**3,24,934.13**		**13,159.69**
Adjustments:				
Gain from sale of identified business	(3,21,731.05)		-	
Depreciation / amortisation (including investment property)	4,630.07		4,107.94	
Loss / (profit) on sale of property, plant and equipment (net)	(2.71)		(1.89)	
Unrealised exchange difference (net)	(1,146.59)		582.01	
Rent income	(102.26)		-	
Guarantee commission income	(189.62)		-	
Loss on assets written off / discard (fixed assets)	516.39		-	
Finance cost (including interest impact on financial assets / liabilities)	316.69		200.84	
Provision for doubtful debts, loans ,advances & deposits (net)	335.26		2.76	
Employees compensation expenses (ESOP)	16.88		67.27	
Fair value gain on investments (net)	(1,308.64)		(128.99)	
Bad debts written off	-		20.89	
Interest income	(1,344.36)		(224.06)	
Excess provision for expenses written back	(98.32)		(61.72)	
Impairment loss allowance in value of investments in subsidiary	511.71		2,690.78	
Recognition of grant through amortised method	-		(18.82)	
Adjustments of finance income on interest free security deposits	-		(0.87)	
Recognition of operating lease rent on security deposits	-		0.85	
Dividend income	(1,839.89)		(0.29)	
		(3,21,436.44)		7,236.70
Operating Profit Before Working Capital Changes		3,497.69		20,396.39
Working capital Adjustments(net of items transferred under slump sale):				
Trade receivables & other assets	(6,439.79)		(5,133.24)	
Inventories	(5,848.77)		(5,332.87)	
Trade payable & other liabilities	1,964.30		6,877.54	
		(10,324.26)		(3,588.57)
Cash Generated from Operations		(6,826.57)		16,807.82
Direct taxes refund received (payment)		201.07		(2,730.28)
Net Cash Flow from/(used in) Operating Activities		**(6,625.50)**		**14,077.54**
B. Cash Flow from Investing Activities				
Purchase of property, plant & equipment including Capital WIP		(15,348.75)		(14,269.52)
Proceeds from sale of property, plant and equipment		70.86		27.07
Consideration from sale of identified business (net)		3,35,428.62		-
Tax paid on sale of identified business		(68,938.75)		-
Investment in subsidiary		(511.71)		(576.31)
Sale / (purchase) of current investment (net)		(87,444.36)		133.38
Inter - Corporate deposits (placed)/ Matured		300.00		1,200.00
Rent received (including amount received in advance)		252.47		-
(Increase) / decrease in escrow bank accounts		(1,050.99)		69.57
Interest received		265.93		224.06
Dividend received		1,839.89		0.29
Net cash flow from / (used in) Investing Activities		**1,64,863.21**		**(13,191.46)**
C. Cash Flow from Financing Activities				
Repayment of working capital borrowings		(55.14)		(735.00)
Proceeds from employee stock option plan		16.07		27.07
Payments for buyback of equity shares		(88,580.00)		-
Transaction costs related to buyback		(722.84)		-
Proceeds from issue of Commercial paper		1,449.41		-
Repayment of Commercial paper		(1,449.41)		-
Receipt / (repayment) of other long term liabilities		-		83.82
Receipt / (payment) of long term loan from BIRAC		(6.07)		-
Finance cost paid (Incl. interest impact on financial assets / liabilities)		(306.52)		(200.84)
Dividend paid (inclusive dividend tax)		(3,296.57)		(69.57)
Net cash flow from/(used) in Financing Activities		**(92,951.07)**		**(894.52)**
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		**65,286.64**		**(8.44)**
Cash and Cash Equivalents at the beginning of the year		**777.39**		**785.86**
Cash and Cash Equivalents at year end		**66,064.03**		**777.39**

Significant accounting policies & notes **1 - 54**

Notes to Accounts form an integral part of financial statements

As per our report of even date attached

For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Place: Mumbai
Date: 29th May, 2018

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2018

1. Company Overview

Unichem Laboratories Limited ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. Its shares are listed and traded on Bombay Stock Exchange and National Stock Exchange in India. The registered office of the Company is located at "Unichem Bhavan", Prabhat Estate, off S V Road, Jogeshwari (west), Mumbai 400 102.

The Company is engaged in manufacturing of pharmaceutical products.

The financial statements of the Company for the year ended 31st March 2018 were approved and adopted by board of directors of the Company in their meeting dated 29th May, 2018.

2. Significant accounting policies

2.1. Statement of compliance

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended for rules issued thereafter, the provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India.

Effective 1st April, 2016, the Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with 1st April, 2015 as the transition date. The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Basis of preparation and presentation

These standalone financial statements have been prepared on the historical cost convention and on accrual basis except for the following assets and liabilities which have been measured at fair value amount:

i. Certain financial assets and liabilities (including derivative instruments);

ii. Defined benefit plans – plan assets;

iii. Equity Settled Share based payments;

iv. Assets held for sale

The financial statements are in accordance with Division II of Schedule III to the Act, as applicable to the Company.

2.3. Current and non-current classification

All assets and liabilities are presented in the Balance Sheet based on current or non-current classification as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Act.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

2.4. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee, which is the Company's functional and presentation currency. All amounts are rounded to the nearest rupees in lakhs.

2.5. Use of significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below.

i) Estimation of useful life of Property, plant and equipment (refer note no 2.8)

ii) Impairment of Property, plant and equipment and Capital work-in-progress (refer note no 2.11)

iii) Estimation of provisions and contingent liabilities (refer note no 2.16)

iv) Estimation of defined benefit plan and other long term benefits(refer note no 2.17)

v) Fair value measurement for financial instruments (refer note no 2.27)

2.6. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services or goods provided in the normal course of business.

Sales of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer and there is no continuing effective control or managerial involvement with the goods. Amounts disclosed as revenue are inclusive of excise duty and net of other indirect taxes, discounts, rebates, expiry claims and sales returns.

Income from services including commission income and product development revenue is recognized when the services are rendered or when contracted milestones have been achieved and is recorded net of indirect taxes.

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

Interest income on financial assets is recognised using the effective interest rate.

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

Rental income on investment properties given under operating lease arrangements is recognized on straight line basis over the lease term in accordance with terms of agreement. Rental income is recorded net of indirect tax and expenses which are directly attributable to investment properties.

Revenue includes commission recognised on guarantee given to banks and corporate guarantee given to or on behalf of subsidiaries.

2.7. Taxes

Income Tax expenses for the year comprises of current tax, deferred tax charge or credit, minimum alternate tax credit and adjustments of taxes for earlier years that may become necessary due to certain developments or reviews during the relevant period. In respect of amounts adjusted outside statement of profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted in other comprehensive income or in equity and not in statement of profit or loss.

Current tax

Provision for current tax is made as per the provisions of Income Tax Act, 1961. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Current tax assets and current tax liabilities are offset when there is legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax Credit

The Company recognizes tax credits in the nature of Minimum Alternative Tax (MAT) credit as an asset only to the extent that there is convincing evidence that the Company will pay normal tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Dividend Distribution Tax

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

2.8. Property, plant and equipment (Tangible Assets) and depreciation

The Company had applied one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS.

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount of all property, plant and equipment are measured using cost model.

Cost of an item of property, plant and equipment includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Cost for subsequent additions comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditures are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Company identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Pre-operation expenses and trial runs (net of revenue) and borrowing cost directly attributable to the cost of construction of the qualifying asset are treated as part of the project cost and are capitalized / allocated to the cost of asset in the year in which the project is completed. Administrative and other expenses which are not directly related to construction are charged to statement of profit and loss.

Gains or losses arising from derecognition of tangible property, plant and equipment are recognised in the Statement of Profit and Loss.

Depreciation is provided on all assets (other than free hold land and capital work-in-progress), on pro-rata basis, using following methods based on the respective estimate of useful lives as given below.

a) Straight-Line Method on buildings, plant and machinery, computers and servers

b) Written Down Value Method on other property, plant and equipments

The management believes that useful lives currently used is as prescribed under Part C of Schedule II to the Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

Estimated useful lives of the PPEs are as follows:

Nature of assets	Useful life
Leasehold land	Over lease period [30 to 90 years]
Factory buildings on leasehold land	Lower of 30 years or balance lease period
Buildings on freehold land	30 to 60 years
Plant and equipments [other than continuous processing assets]	10 to 15 years
Plant and equipments [continuous processing assets]	20 years
Furniture and fixture	10 years
Vehicles	8 years
Office equipments	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under ''Other non-current assets''. Cost of assets under construction / acquisition / not put to use at the Balance sheet date are disclosed under ''Capital work-in-progress''.

2.9. Computer software's / licenses

Standalone software's / licenses cost is fully charged off to Statement of Profit and Loss in the year of expenditure. These software's / licenses are for administrative purposes.

2.10. Non-Current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less

costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

2.11. Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an assets or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

2.12. Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized.

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and depreciation.

2.13. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transactions. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in statement of profit or loss or other comprehensive income respectively).

2.14. Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee

2.15. Inventories

Inventories consist of raw materials, packing materials, stores and spares, stock-in-trade, work-in-progress and finished goods. Inventories of raw materials, packing material, stores and spares are valued at cost and other inventories are valued at lower of cost and net realisable value after providing for obsolete / slow moving items. Cost is determined on weighted average basis.

Cost includes cost of purchase, non-refundable taxes and other costs / overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

2.16. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

2.17. Employee benefits

i) Short-term employee benefit

All employee benefits falling due wholly within twelve months after the end of the reporting period are classified as short term employee benefits and they are recognised as an expense at the undiscounted amount in the statement of profit and loss in the period in which the employee renders the related service.

ii) Post-employment benefits

a. Defined contribution plan

The Company contributes fixed contribution to a government administered fund towards Provident Fund, Labour Welfare Fund, and Employee State Insurance Scheme and will have no legal or constructive obligation to pay further contribution.

Certain employees of the Company are participants in Superannuation plan. The Company has no further obligations to the Superannuation plan beyond its monthly contributions which are periodically contributed to "Unichem Laboratories Limited Employees Superannuation Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The Company's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which the employee renders the related services.

b. Defined benefit plan

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to "Unichem Laboratories Limited Employees Gratuity Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The current service cost and interest on the net defined benefit liability / (asset) is recognized in the statement of profit and loss. Past service cost are immediately recognized in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income and are not reclassified to statement of profit or loss in subsequent periods. Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

iii) Other long-term benefits

The Company has other long-term benefits in the form of leave benefits. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method carried out by independent actuary. Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense. Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

2.18. Equity settled share-based payments

Equity-settled share based payments to employees are measured at the fair value (i.e. excess of fair value over the exercise price of the option) of the Employee Stock Options Plan at the grant date. The fair value of option at the grant date is calculated by Black-Scholes model. In case the options are granted to employees of the company, the fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Company`s estimate of options that will eventually vest, with a corresponding increase in equity. In case of the options granted to employees of company's subsidiaries, the fair value of options granted to employees of the subsidiary companies are considered as capital contribution / investment.

The dilutive effect of outstanding options is reflected in determining the diluted earnings per share.

2.19. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

2.20. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

2.21. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with its conditions.

Government grants relating to income are recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the assets are credited in the statement of profit and loss over the expected useful life of the assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the fair value of the loan and the proceeds received.

2.22. Dividend distribution

Final equity dividends on shares are recorded as a liability on the date of approval by the shareholders and interim equity dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.23. Share Capital

Ordinary shares are classified as equity. Transaction cost related to buy-back of equity shares is reduced from the retained earnings / reserves, net of tax effects.

2.24. Earnings per equity share

The Basic earnings per equity share is computed by dividing the net profit after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share are computed by dividing the net profit attributable to equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, share split, etc.

2.25. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short term deposits, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short term deposits, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

2.26. Cash flow statement

Cash Flows are reported using Indirect Method, whereby profit for the year 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 Company are segregated.

2.27. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets:

Cash and bank balances

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term highly liquid investments / mutual funds (with zero exit load at the time of investment) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Other bank balances includes balances and deposits with bank that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In respect of equity investments (other than joint ventures) which are not held for trading, the company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Investment in Subsidiaries and Associates

The Company has accounted for its investments in Subsidiaries and Associates at cost. The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. 1st April, 2015 in its separate financial statements

Impairment of financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments:

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2.28. New Ind AS issued but not effective as at Balance Sheet date

The following standards issued / modified by MCA become effective w.e.f. 1st April 2018.

Particulars	Effective date
New Ind AS issued	
Ind AS 115 – Revenue from contracts with customers	1st April 2018
Modification to existing Ind Accounting Standard	
Ind AS 12 – Income Taxes	1st April 2018
Ind AS 21 – The effects of changes in foreign exchange rates	1st April 2018
Ind AS 28 – Investments in associates and joint ventures	1st April 2018
Ind AS 40 – Investment property	1st April 2018
Ind AS 112 – Disclosure of interest in other entities	1st April 2018

The Company is assessing the potential impact of above amendments on the financial statements. The management presently is of the view that it would not have a material impact on the financial statements.

2.29. Amendments in Ind AS and its impacts on financial statements

Amendment to Ind AS 102 Share Based Payment: Effective 1st April, 2017, the Company adopted amendment to Ind AS 102 which provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The adoption of amendment did not have any material impact on the financial statements.

Amendments to Ind AS 7 Statements of Cash Flows: Effective 1st April, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3. PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant & equipment								Capital work-in -progress
	Freehold land	Leasehold land	Buildings **	Plant & equipments	Furniture & fixture	Vehicles	Office equipment	Total	
Gross carrying value, at cost									
As at 31st March, 2016	248.47	2,283.33	16,362.70	21,482.20	296.88	294.12	98.45	41,066.15	23,265.12
Additions	129.54	29.56	3,692.74	8,496.40	235.87	30.32	194.25	12,808.68	14,151.20
Disposal/transfer	-	-	-	230.02	22.00	46.92	11.78	310.72	12,690.36
As at 31st March, 2017	**378.01**	**2,312.89**	**20,055.44**	**29,748.56**	**510.75**	**277.52**	**280.92**	**53,564.09**	**24,725.96**
Additions	-	65.04	3,720.62	11,906.98	35.11	82.53	113.06	15,923.34	13,850.36
Disposal/transfer *	-	-	-	369.33	22.73	28.75	19.41	440.22	15,023.24
Transfer under slump sale		674.88	1,462.58	1,333.65	20.80	19.95	26.94	3,538.80	
As at 31st March, 2018	**378.01**	**1,703.05**	**22,313.48**	**39,952.56**	**502.33**	**311.35**	**347.63**	**65,508.41**	**23,553.08**
Accumulated Depreciation / amortisation									
As at 31st March, 2016	-	54.52	618.14	2,516.68	66.47	34.32	34.54	3,324.67	-
Charge for the year-continued	-	53.60	705.97	2,911.19	102.81	80.09	87.47	3,941.13	-
Charge for the year- discontinued	-	0.58	46.58	110.36	3.94	4.37	0.98	166.81	
Charged to CWIP		3.11	-	-	0.36	-	-	3.47	
Disposal/transfer *	-		-	237.28		40.57	11.16	289.01	-
As at 31st March, 2017	**-**	**111.81**	**1,370.69**	**5,300.95**	**173.58**	**78.21**	**111.83**	**7,147.07**	**-**
Charge for the year-continued	-	61.13	783.25	3,399.75	89.15	80.84	90.00	4,504.12	-
Charge for the year- discontinued	-	0.41	32.81	82.03	1.53	2.15	0.71	119.64	-
Charged to CWIP		3.11	-	-	-	-	-	3.11	
Disposal	-	-	-	318.90	18.71	19.31	15.15	372.07	-
Transfer under slump sale	-	5.94	358.11	603.03	17.06	16.70	4.54	1,005.38	
As at 31st March, 2018	**-**	**170.52**	**1,828.64**	**7,860.80**	**228.49**	**125.19**	**182.85**	**10,396.49**	**-**
Net book value									
As at 31st March, 2018	**378.01**	**1,532.53**	**20,484.84**	**32,091.76**	**273.84**	**186.16**	**164.78**	**55,111.92**	**23,553.08**
As at 31st March, 2017	378.01	2,201.08	18,684.75	24,447.61	337.17	199.31	169.09	46,417.02	24,725.96

* Transfer includes depreciation related to new projects under capitalisation allocated to Capital Work in-Progress.
** Buildings include three Flats and a Garage amounting to ₹ 147.19 lakhs (Previous year ₹ 147.19 lakhs) where the co-operative society is yet to be formed.

Notes :
1. Building includes cost of shares in cooperative societies ₹ 0.56 lakhs (P.Y. ₹ 0.56 lakhs)
2. Capital work-in-progress includes ₹1,610.99 lakhs (P.Y. ₹ 4,032.62 lakhs) on account of cost of construction
3. The amount of capital commitment disclosed in note 36
4. Certain property plant and equipments hypothecated /mortgaged as security for borrowing as disclosed under note 37(b) & (c).

Addition to Fixed assets and CWIP includes ₹ 445.78 Lakhs (Previous year ₹ 548.38 Lakhs) being expenditure on Research and Development as under:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Buildings	-	9.71
Plant & Machinery	437.57	422.36
Furniture & Fixtures	6.95	-
Office Equipments	1.26	-
Capital Work in Progress	-	116.31
Total	**445.78**	**548.38**

4. INVESTMENT PROPERTY

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Gross Carrying amount		
Opening gross Carrying amount	398.81	398.81
Additions	-	-
Closing gross carrying amount	**398.81**	**398.81**
Accumulated depreciation		
Opening accumulated depreciation	20.28	13.96
Depreciation charge(netted off from rent income)	6.31	6.31
Closing accumulated depreciation	**26.59**	**20.27**
Net carrying Amount	**372.22**	**378.54**

i) Amounts recognised in statement of profit and loss for investment properties

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Rental Income	39.93	36.91
Depreciation	6.31	6.31
Net income from investment properties	**33.62**	**30.60**

ii) Operating lease agreement is cancellable. The fair value of the property is not readily available however based on the annual rent income earned by the company, the fair value would be higher than the carrying value of the assets.

5 INVESTMENTS (NON-CURRENT)

Particulars	No of Shares		Face value	₹ in lakhs	
	As at 31st March, 2018	As at 31st March, 2017		As at 31st March, 2018	As at 31st March, 2017
(I) At Cost :					
UNQUOTED					
Equity Instruments of subsidiaries (fully Paid)					
Unichem Farmaceutica Do Brasil Ltda	2,85,14,583	2,59,92,678	1 Brasil Real	6,783.89	6,272.19
Less : Impairment in value of investments				(6,783.89)	(6,272.19)
Sub Total				-	-
Niche Generics Limited,UK *	6,25,000	6,25,000	1 Pound	2,584.24	2,556.77
Unichem SA Pty Limited	19,000	19,000	10 SA Rand	12.14	12.14
Unichem Pharmaceuticals USA Inc.*	64,76,955	64,76,955	1 US$	3,098.82	2,951.92
Unichem Laboratories Limited , Ireland *	12,50,000	12,50,000	1 Euro	886.95	871.69
Sub Total				**6,582.15**	**6,392.52**
Equity Instruments of Associates (fully Paid)					
Synchron Research Services Private Limited	2,08,333	2,08,333	₹ 10	569.31	569.31
Sub Total				**569.31**	**569.31**
Total (a)				**7,151.46**	**6,961.83**
Preferences Shares of subsidiaries (fully Paid)					
12% Redeemable Preference Shares					
Niche Generics Limited, UK	15,00,000	15,00,000	1 Pound	1,164.79	1,164.79
Total (b)				**1,164.79**	**1,164.79**
Total of Investments measured at cost (a+b)				**8,316.25**	**8,126.62**
(II) At fair value through profit and loss (FVTPL)					
UNQUOTED					
Equity Instruments (fully Paid)					
Mediklin Healthcare Limited	2,02,500	2,02,500	₹ 10	-	-
Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
Sub Total				**2.00**	**2.00**
QUOTED					
Equity Instruments (fully Paid)					
Jindal Polyfilm Limited	2,000	2,000	₹ 10	6.25	7.92
Jindal Poly Investment and Finance Company Ltd	500	500	₹ 10	0.29	0.47
Aurobindo Pharma Ltd	8	8	₹ 1	0.04	0.05
Kothari Industrial Corporation Ltd	20	20	₹ 5	-	0.04
Sub Total				**6.58**	**8.48**
Total of Investments measured at FVTPL				**8.58**	**10.48**
Total				**8,324.83**	**8,137.10**
Aggregate book value of unquoted investments				8,318.25	8,128.62
Aggregate amount of impairment in value of investments				(6,783.89)	(6,272.19)
Aggregate book value of quoted investments				6.58	8.48
Aggregate market value of quoted investments				6.58	8.48

* Increase in investments in current year represents additional contributions by the Company in subsidiaries in the form of guarantee commission.

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
6 LOANS (NON-CURRENT)		
Unsecured, considered good.		
Loans to Employees	6.94	8.59
Total	**6.94**	**8.59**
7 OTHER FINANCIAL ASSETS - NON CURRENT		
Inter Corporate Deposits	500.00	800.00
Deposits		
Unsecured, Considered Good	440.58	458.55
Doubtful	42.47	32.88
Less :Allowance for Doubtful deposits	42.47	32.88
	440.58	458.55
Total	**940.58**	**1,258.55**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
8 OTHER NON CURRENT ASSETS		
Capital advances	251.15	524.42
(Net of provision for Doubtful advances, ₹ 11.86 Lakhs, P.Y. ₹ 11.86 Lakhs)		
Balance with government authorities	30.80	30.80
Advance income tax (net of provision)	964.39	88.19
Total	**1,246.34**	**643.41**
9 INVENTORIES		
Raw Materials	11,502.97	10,720.77
[Include ₹ 54.31 Lakhs in transit, (P.Y ₹ 304.90 Lakhs)]		
Packing Materials	1,933.16	1,823.94
Work-in- Progress	5,273.23	4,650.68
Finished Goods (including stock in trade)	1,772.12	7,942.04
Stores and Spares	294.12	260.98
Total	**20,775.60**	**25,398.41**

Note :
1) During the year ended 31st March 2018, ₹ 399.90 Lakhs (P.Y ₹ 497.00 lakhs) was recognised as an expenses for inventories carried at net realisable value
2) Refer note 2.15 for accounting policy for inventory valuation.
3) Inventories are hypothecated as security for borrowings as disclosed under note 37.

10 INVESTMENTS (CURRENT)

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
At fair value through profit and loss (FVTPL)				
QUOTED				
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Corporate Bond fund	13,29,03,092.48	-	17,221.06	-
Edelweiss Arbitrage Fund- Monthly Div. direct plan	10,95,227.08	-	102.70	-
Kotak Equity Arbitrage Fund- Direct Plan	9,31,604.03	-	164.60	-
L&T Resurgent India Corporate Bond Fund Growth	3,91,15,366.86	-	4,983.11	-
Reliance Arbitrage Adv. Fund - Dir.Monthly Dividend	2,15,492.11	-	17.55	-
Reliance Corporate Bond Fund - Growth plan	10,87,09,831.72	-	15,081.28	-
Reliance Money Manager Fund - Direct Growth Plan	1,06,480.71		2,549.76	-
Birla Sun Life Cash Plus - Growth - Regular Plan	-	1,53,586	-	400.11
ICICI Prudential Liquid - Direct- Growth	-	1,66,608	-	400.13
INVESTMENT IN PERPETUAL BOND				
HDFC Bank Limited Sr-1 8.85 BD	1,080.00	-	11,453.76	-
Axis Bank Limited Sr-26 8.75 NCD	1,700.00	-	16,875.54	-
State Bank of India Sr-Iii 8.39 BD	2,100.00	-	21,105.78	-
Total			**89,555.14**	**800.24**
Aggregate book value of quoted investments			89,555.14	800.24
Aggregate market value of quoted investments			89,555.14	800.24

Refer note 37(c) for investments pledged with Citibank N.A.

11 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Secured, considered good	1,101.57	2,014.59
Unsecured, considered good	21,603.41	27,634.63
Doubtful	1,236.12	602.13
Less : Allowance for doubtful receivables	(1,236.12)	(602.13)
Total	**22,704.98**	**29,649.22**

1) Trade Receivables are secured against customer advances.
2) Unsecured trade receivables includes ₹ 15,111.46 lakhs (P.Y. ₹ 15,141.01 lakhs) receivables from subsidiaries.
3) Also refer note 37 for trade receivables given as security.
4) The movement in allowance for doubtful receivables is as follows:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Opening balance	602.13	696.29
Add : Allowance for doubtful receivables made during the year	633.99	-
Less : Allowance for doubtful receivables reversed during the year	-	94.16
Less : Trade receivables written off during the year	-	-
Closing balance	**1,236.12**	**602.13**

12 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
(a) Cash & cash equivalents				
(i) Balances with banks				
In Current Accounts			1,624.42	729.65
(ii) Cheques on hand			-	38.23
(iii) Cash on hand			9.28	9.51
(iv) Investments in Mutual Fund (At FVTPL)				
Quoted				
Baroda Pioneer Liquid Fund Plan A Growth	10,070.86	-	200.34	-
DSP BlackRock FMP series 222 - 3 M Direct Growth	20,00,000.00	-	201.54	-
Edelweiss arbitrage Fund- Monthly dividend direct plan	6,82,51,813.69	-	8,533.66	-
HDFC Medium Term Opportunities Fund- Direct Plan	3,13,18,304.71	-	6,078.16	-
ICICI Prudential Flexible Income - Direct Plan	17,23,793.35	-	5,772.87	-
IDFC Corporate bond Fund Direct Plan	11,05,97,823.78	-	13,238.89	-
Kotak Bond (Short Term)- Direct Plan	3,17,26,942.82	-	10,685.13	-
Kotak Equity Arbitrage Fund- Direct Plan	5,12,88,593.76	-	12,082.57	-
Kotak Treasury Advantage Fund Direct Plan	1,80,71,940.78	-	5,101.82	-
Reliance Arbitrage Advantage Fund - Direct Monthly Dividend Plan	2,33,48,139.40	-	2,535.35	-
			66,064.03	**777.39**
(b) Other bank balances (Restricted bank balances)				
In Unpaid Dividend Account			198.53	238.54
In Escrow Accounts (buyback related)			1,097.96	-
In Fixed Deposits having Original maturity more than 3 months			-	0.10
			1,296.49	**238.64**
Total			**67,360.52**	**1,016.03**
Aggregate book value of quoted investments			64,430.33	-
Aggregate market value of quoted investments			64,430.33	-

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
13 LOAN-CURRENT		
Unsecured, considered good		
Loans to Employees	5.34	8.58
Total	**5.34**	**8.58**
14 OTHER FINANCIAL ASSETS - CURRENT		
Insurance claims receivables	2.72	10.94
Accrued Interest on bonds and fixed deposits	1,115.59	37.16
Others *	1,806.69	201.36
Total	**2,925.00**	**249.46**
* including amounts recoverable for payments made in respect of discontinued operations		
15 OTHER CURRENT ASSETS		
Unsecured, Considered Good		
Prepaid Expenses	1,007.93	646.48
Balances with Revenue Authorities (Including refund receivables)	13,444.96	8,882.79
Advance against materials & expenses	1,100.44	1,148.99
Export incentive receivable	1,524.50	909.98
Other receivables /advances	331.38	14.70
Sub Total	**17,409.21**	**11,602.94**
Doubtful		
Other advances	147.41	176.58
Less :Allowance for Doubtful Advances	147.41	176.58
Sub Total	**-**	**-**
Total	**17,409.21**	**11,602.94**

15.1: The movement in allowance for doubtful advances (including allowance made against non current items) is given below

Particulars	2017-2018	2016-2017
Opening balance (refer note 7,8 and 15)	221.32	235.26
Add : Allowance for doubtful advances made during the year	-	-
Less : Allowance for doubtful advances reversed during the year	19.58	13.94
Less : Advances written off during the year	-	-
Closing balance	**201.74**	**221.32**

16 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
AUTHORISED		
17,50,00,000 Equity Shares of ₹ 2/- each (P.Y :17,50,00,000 Equity shares of ₹ 2/- each)	3,500.00	3,500.00
5,00,00,000 Unclassified Shares of ₹ 2/- each (P.Y.: 5,00,00,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
50,00,000 Preference Shares of ₹ 10/- each (P.Y. : 50,00,000 Preference Shares of ₹ 10/- each)	500.00	500.00
Total	**5,000.00**	**5,000.00**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
ISSUED, SUBSCRIBED AND FULLY PAID UP		
7,03,37,000 Equity Shares of ₹ 2/- each fully paid up (P.Y 9,08,76,525 Equity Shares of ₹ 2/- each fully paid up)	1,406.74	1,817.53
Total	**1,406.74**	**1,817.53**

Reconciliation of Number of Shares (Equity)	2017-2018		2016-2017	
	No of Shares	Amount (₹ in lakhs)	No of Shares	Amount (₹ in lakhs)
Number of Shares outstanding as at the beginning of the year	9,08,76,525	1,817.53	9,08,43,200	1,816.86
Add: Number of Shares allotted under ESOP during the Year	60,475	1.21	33,325	0.67
Less: Buyback of shares during the Year/period	2,06,00,000	412.00	-	-
Number of Shares outstanding as at the end of the year	**7,03,37,000**	**1,406.74**	**9,08,76,525**	**1,817.53**

Rights, preferences and restrictions attached to Equity Shares.

The Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shareholders holding more than 5 per cent of total Equity Shares

Name of the Shareholders	As at 31st March, 2018		As at 31st March, 2017	
	No of Shares	% held	No of Shares	% held
Dr. Prakash Amrut Mody	3,24,19,392	46.09	4,22,87,278	46.55

* Consequent upon buyback during the year, there is reduction in individual shareholding as compared to 31st March 2017. However, on promoter group basis, there is no dilution in shareholding as on 31st March 2018 as compared to 31st March 2017.

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

17 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
SHARE APPLICATION MONEY PENDING ALLOTMENT		
Balance at beginning of year	11.75	-
Less: Allotment of shares under ESOP	(11.75)	11.75
Balance at end of year	**-**	**11.75**
CAPITAL RESERVE		
Balance at beginning of year	62.47	62.47
Add : Additions /(deductions) during the year	(62.47)	-
Balance at end of year	**-**	**62.47**
CAPITAL REDEMPTION RESERVE		
Balance at beginning of year	-	-
Add : Additions /(deductions) during the year on account of buy back	412.00	-
Balance at end of year	**412.00**	**-**
SECURITIES PREMIUM RESERVE		
Balance at beginning of year	8,116.49	8,052.01
Less: Buy back of shares (refer note 17.1)	(8,116.49)	64.48
Balance at end of year	**-**	**8,116.49**
SHARE OPTIONS OUTSTANDING ACCOUNT		
Balance at beginning of year	263.03	312.85
Less : Deduction during the year	(160.46)	(49.82)
	102.57	263.03
Less: Deferred Employees' stock compensation	(43.27)	(130.20)
Balance at end of year	**59.30**	**132.83**
GENERAL RESERVE		
Balance at beginning of year	18,595.36	18,595.36
Less: Buy back of shares (refer note 17.1)	(18,595.36)	-
Balance at end of year	**-**	**18,595.36**
OTHER COMPREHENSIVE INCOME		
Balance at beginning of year	(111.96)	11.57
Less: Remeasurements of defined benefit plans	(180.08)	(123.53)
Balance at end of year	**(292.04)**	**(111.96)**
RETAINED EARNINGS		
Balance at beginning of year	84,448.33	74,061.61
Add: Profit for the year	2,55,659.85	10,386.72
Add: Transfer from Capital reserve	62.47	-
Less: Appropriations :		
Transfer to capital redemption reserve	412.00	-
Buyback of shares (refer note 17.1)	61,339.13	-
Transaction costs related to buyback (net of tax of ₹ 166.77 lakhs)	556.07	-
Final Dividend paid for Year 2016-17 (Incl. Tax on dividend)	3,282.85	-
Balance at end of year	**2,74,580.60**	**84,448.33**
Total Reserves & Surplus	**2,74,759.86**	**1,11,255.27**

17.1 During the quarter ended 31st March, 2018, the Company has concluded the buyback of 20,600,000 equity shares aggregating 22.65% of the paid-up equity share capital of the Company at a price of ₹ 430 per equity share. The Company has funded the buyback from its securities premium account, general reserve and retained earnings. Further, capital redemption reserve of ₹ 412.00 lakhs representing the nominal value of the shares bought back has been created as an appropriation from retained earnings. Transaction costs related to buyback are adjusted against retained earnings(net of tax).

17.2 In respect of the year ended 31st March,2018, the Board of Directors at its meeting held on 29th May, 2018 recommended a dividend of ₹ 5/- per share to be paid on its fully paid up equity shares having a face value of ₹ 2/- . This equity dividend is subject to the approval of shareholders at the ensuing Annual General Meeting and has not been included as a liability in these standalone financial statements. The total estimated equity dividend (including tax on dividend) to be paid is ₹ 4239.75 Lakhs.

18 BORROWINGS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
SECURED		
Term Loan (other than Banks) :		
Loan from BIRAC	32.68	43.77
	32.68	**43.77**

The Company has taken term loan from BIRAC carrying interest at the rate of 2% per annum, repayment in 10 equal half yearly instalments commencing from 14th Oct, 2016. (Refer note No. 37 (b))

Using prevailing market rates for an equivalent loan of 10 %, the fair value of the loan at initial recognition is estimated at ₹ 37.66 Lakhs. The difference of ₹ 13.77 Lakhs between gross proceeds and the fair value of the loan is the benefit derived from the below market interest loan and is recognised as deferred revenue (Note - 24). Interest expenses of ₹ 4.34 Lakhs was recognised of the year ended 31st March 2018 (P.Y. ₹ 4.19 Lakhs) (Note 31).

19 OTHER FINANCIAL LIABILITIES - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deposits /Advances from Customers	-	2,014.59
Total	**-**	**2,014.59**

20 PROVISIONS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits :		
Defined benefit plan	-	562.93
Leave benefits	1,075.90	1,969.68
Total	**1,075.90**	**2,532.61**

21 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liability(Net)	3,429.01	2,449.51
	3,429.01	**2,449.51**

Income tax expense/ (benefit) recognized in standalone statement of profit and loss:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Current tax:		
Current tax on profits for the year	74,068.00	3,358.00
MAT credit availed for earlier years*	(4,501.23)	-
Adjustments for current tax of prior periods**	(1,271.99)	-
Total Current tax expense	68,294.78	3,358.00
Deferred Tax:		
Decrease (increase) in Deferred Tax Assets	778.16	(1,348.17)
(Decrease) Increase in Deferred Tax Liabilities	201.34	763.14
Total Deferred tax expense /(credit)	979.50	(585.03)
Aggregate income tax expense [continued and discontinued operations]	**69,274.28**	**2,772.97**

* MAT credit for earlier year is recognised to the extent of utilisation in current year.

** Excess provision for income tax (net) of earlier years is on account of reworking the provision for tax in respect of earlier years on the basis of acceptance of the Company's view in computation of tax liability under u/s 115JB (MAT) of the Income tax Act, 1961 as per assessment order passed by the tax authority.

Income tax expense recognized in other comprehensive income and other equity:

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Net Loss/(Gain) on Re-measurements of Defined Benefit Plans		
Current income tax	-	60.00
Deferred tax	-	97.00
Income Tax Expense/(Income) Charged to OCI	**-**	**157.00**
Current income tax recognised in reserves netted off against transaction costs of buyback	(166.77)	-
Income Tax Expense/(Income) credited to reserves	**(166.77)**	**-**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Profit / (loss) from continuing operations before Income Tax	(12,155.04)	(9,223.46)
Profit from discontinued operations (including gain on sale of identified business) before Income Tax	3,37,089.17	22,383.15
Total profit before income taxes	**3,24,934.13**	**13,159.69**
At India's Statutory Income Tax Rate of 34.608% (31st March, 2017: 34.608%)	1,12,453.20	4,554.31
Adjustments to reconcile expected income tax expense to reported income tax expense		
Weighted deduction allowed in respect of research and development expenses	(3,246.43)	(2,326.01)
Effect of expenses not deductible in determining taxable profit	1,387.49	1,628.27
Effect of income exempt from taxation	(636.75)	(0.10)
Capital gain taxable at lower rate	(38,085.33)	-
Adjustments for current tax of prior periods	(1,271.99)	-
Others (net) (benefit of tax payable on MAT, MAT credit availed, etc.)	(1,350.63)	(1,083.50)
Revision in education cess	24.72	-
Adjusted income tax expenses	**69,274.28**	**2,772.97**
Effective Income Tax Rate	**21.32%**	**21.07%**

Reflected in the Balance Sheet as follows:

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liabilities		
Depreciation and amortisation	6,042.87	5,964.62
Others	123.08	-
	6,165.95	5,964.62
Deferred Tax Assets		
Allowance for doubtful trade receivables	385.67	208.39
Allowance for doubtful advances	59.24	72.49
Allowance for impairment in value of investments	1,411.05	2,181.19
Provision for employee benefits	481.16	956.04
Others	399.82	97.00
	2,736.94	3,515.11
Deferred Tax (Assets)/Liabilities (net)	**3,429.01**	**2,449.51**

Movement of deferred tax liabilities / (assets) during the year 2017-2018

(₹ in Lakhs)

Particulars	Opening balance 1st April 2017	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March 2018
Deferred tax assets / (liabilities) in relation to				
Depreciation and amortisation	5,964.62	78.25	-	6,042.87
Allowance for doubtful trade receivables	(208.39)	(177.28)	-	(385.67)
Allowance for doubtful advances	(72.49)	13.25	-	(59.24)
Allowance for impairment in value of investments	(2,181.19)	770.14	-	(1,411.05)
Provision for employee benefits	(956.04)	474.88	-	(481.16)
Others	(97.00)	(179.74)	-	(276.74)
Deferred tax assets / (liabilities) net	**2,449.51**	**979.50**	**-**	**3,429.01**

Movement of deferred tax liabilities / (assets) during the year 2016-2017

(₹ in Lakhs)

Particulars	Opening balance 1st April 2016	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March 2017
Deferred tax (assets) / liabilities in relation to				
Depreciation and amortisation	5,201.47	763.15	-	5,964.62
Allowance for doubtful trade receivables	(240.97)	32.58	-	(208.39)
Allowance for doubtful advances	(77.20)	4.71	-	(72.49)
Allowance for impairment in value of investments	(1,250.04)	(931.15)	-	(2,181.19)
Provision for employee benefits	(501.72)	(454.32)	-	(956.04)
Others	-	-	(97.00)	(97.00)
Deferred tax assets / (liabilities) net	**3,131.54**	**(585.03)**	**(97.00)**	**2,449.51**

22 BORROWINGS-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Secured		
From Banks		
Cash credit facility, repayable on demand (refer note 37(a))	-	55.14
Total	**-**	**55.14**

23 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	21,150.94	22,827.58
Total	**21,150.94**	**22,827.58**

23.1 There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act,2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

24 OTHER FINANCIAL LIABILITY-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Unclaimed Dividend	231.68	238.54
Current maturity of long term loan (BIRAC)	10.93	1.57
Deposits / Advances from Customers	1,101.57	-
Payable for employee benefits	1,366.76	2,384.17
Payable for Capital Goods (refer note 23.1)	1,453.93	1,812.24
Total	**4,164.87**	**4,436.52**

25 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Other Payables		
Statutory Dues	1,398.59	655.63
Revenue received in advance (refer note 25.1)	461.58	-
Others	15.01	580.70
Total	**1,875.18**	**1,236.33**

25.1 It includes ₹ 51.45 lakhs (P.Y. Nil) of grants relating to property, plant and equipment imported under the EPCG scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

26 PROVISIONS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits :		
Defined benefit plan	175.11	319.59
Leave benefits	291.18	408.41
Others Provisions		
Expiry and other claims	1,468.98	729.39
Total	**1,935.27**	**1,457.39**

The Company has made provision towards expected returns from market which are primarily in the nature of expired or near expiry products and other claims. Cash outflow is expected within 12 months from balance sheet date. The Company does not expect any reimbursement in regards to the provision made.

(₹ in Lakhs)

Particulars	As at 31st March 2018
Opening Balance	729.39
Add : provisions made	1,468.98
Less: utilisations	729.39
Less: reversals	-
Closing balance	**1,468.98**

27 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Sale of products (including excise duty upto June 2017) *	62,986.15	55,235.15
Other operating revenues		
Export benefits	3,260.17	1,892.83
Other operating revenues	726.73	574.30
	3,986.90	2,467.13
Total Revenue from Operations	**66,973.05**	**57,702.28**

* Revenue for periods upto 30th June, 2017 are inclusive of excise duty. As per Ind AS 18 "Revenue", the revenue is disclosed net of GST after 30th June, 2017. Accordingly, the revenue for the current year are not strictly comparable to the previous year.

28 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest Income (Refer note 28.1)	1,344.36	232.84
Dividend Income on investments measured at Fair value through Profit and loss	1,839.89	0.29
Net gain on investments measured at Fair value through Profit and loss	1,308.64	134.25
Profit on sale of property, plant and equipments (net)	2.71	1.89
Other non-operating Income (guarantee commission, lease rent, etc.(net))	338.52	142.57
Net gain / (Loss) on foreign currency translation and transactions	1,454.48	207.41
Total	**6,288.60**	**719.25**

28.1 Details of interest income

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest Income on financial assets measured at amortised cost/others	307.46	232.84
Interest Income on investments measured at Fair value through Profit and loss	1,036.90	-

29 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Raw Materials	26,986.74	19,475.39
Packing Materials	7,611.47	6,147.66
Total	**34,598.21**	**25,623.05**

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN- PROGRESS

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Inventories at the Commencement		
Finished Goods	2,864.88	2,861.29
Work in progress	4,650.68	3,986.42
	7,515.56	**6,847.71**
Inventories at year end		
Finished Goods	1,772.12	2,864.88
Work in progress	5,273.23	4,650.68
	7,045.35	**7,515.56**
(Increase) / Decrease in Finished Goods	1,092.76	(3.59)
(Increase) / Decrease in Work in progress	(622.55)	(664.26)
Total change in inventory for continued operations	**470.21**	**(667.85)**

30 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Salaries & wages	13,099.30	10,556.45
Contribution to Provident and other funds	1,081.05	697.67
Expenses on employee stock option plan	16.88	67.27
Staff welfare expenses	456.40	446.68
Total	**14,653.63**	**11,768.07**

31 FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest expense	291.19	176.39
Unwinding of interest	4.34	4.19
Other borrowing costs	21.16	19.18
Total	**316.69**	**199.76**

32 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Consumption of Stores and Spares	1,337.92	771.44
Power and Fuel	4,826.33	4,075.84
Rent	41.57	41.11
Insurance	318.57	247.15
Repairs:		
Plant and Machinery	1,224.57	968.99
Buildings	317.17	248.61
Others	1,058.61	915.98
Rates and Taxes	442.23	459.98
Advertising and sales promotion	465.98	468.10
Travelling and Conveyance	364.36	296.83
Freight outward	4,657.42	5,806.82
Directors' sitting fees	65.79	23.19
Commission on sales	498.85	265.23
Legal & Professional Expenses	1,099.13	526.24
Contribution towards Corporate Social Responsibility	92.49	122.19
Establishment and Administrative Expenses	13,511.79	8,757.09
Impairment loss allowance in value of investments in Subsidiary	511.71	2,690.78
Total	**30,834.49**	**26,685.57**

33 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(180.08)	(280.53)
A (ii) Income tax relating to items that will not be reclassified to profit or loss	-	157.00
Total comprehensive Income	**(180.08)**	**(123.53)**

34 CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
(i) Claims not acknowledged as debts*.	1,534.26	1,502.65
(ii) In respect of the Guarantees given to Bank on behalf of :		
- Subsidiaries	23,721.00	10,011.00
(iii) Other money for which the company is Contingently liable	299.81	1,484.47
(iv) Other bank guarantees	411.28	427.65
Total	**25,966.35**	**13,425.77**

* includes ₹ 120.58 lakhs (P.Y ₹ 109.19 Lakhs) paid under protest/deposit pending adjudication under Income tax Act, 1961 and Central Excise Act 1944.

(v) Claims made by the ex-employees whose services have been terminated in earlier years are not acknowledged as debts, the exact liability, whereof is not ascertainable. The matters are disputed under various forums. However in the opinion of the management, these claims are not tenable.

35 On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of € 13.97 million (equivalent to ₹ 11,267.85 lakhs), jointly and severally on the Company and its subsidiary Niche Generics Ltd ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when The Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both The Company & Niche have submitted appeal in September 2014 to the EU General Court seeking appropriate relief in the matter. The outcome of the appeal is likely to follow some months after (early 2018 at the earliest), as advised by lawyers of the Niche. The appeal process before EU Courts is very slow and as this is a very complex matter, it is possible that the case may take even longer to be concluded.

36 Estimated amount of Contracts remaining to be executed (Net of Advances) on Capital account ₹ 3,167.75 lakhs (P.Y. ₹ 5,334.17 lakhs) and on other revenue accounts ₹ 13,104.27 lakhs (P.Y. ₹ 14,574.59 lakhs) are not provided for.

37 (a) Cash credit ₹ Nil (P. Y. ₹ 55.14 Lakhs) in Joint consortium from Bank of India and Bank of Baroda are secured against hypothecation of Stocks and Book debts both present and future situated at various locations of the Company

(b) Loan from Biotechnology Industry Research Assistance Council (BIRAC) is secured against hypothecation of movable properties including any and all equipments, apparatus machineries , machineries spares , tools and other accessories , goods and / or other moveable property, present and future , situated at Bio -technology R&D Centre , Goa.

(c) Credit facilities from Citibank, N.A. availed by the Company and its subsidiaries [Unichem Laboratories Limited(Ireland), Unichem Pharmaceuticals (USA) Inc. (USA), Niche Generics Limited(United Kingdom)] are secured against investments in mutual funds to the extent of ₹ 33,084.66 Lakhs.In the previous year credit facilities to subsidiaries were secured by :

(i) first exclusive charge on the movable fixed assets (including plant and machinery, office equipment, furniture & fixtures, etc. and excluding current assets, stores & spares) situated at Pithampur, Madhya Pradesh and Baddi, Himachal Pradesh and

(ii) first exclusive charge on immovable property situated at Pithampur, Madhya Pradesh and Baddi, Himachal Pradesh.

38 As per Ind AS 108- "Operating Segment", segment information has been provided under the Notes to Consolidated Financial Statements.

39 The Company has reviewed its investments in wholly owned subsidiaries. In respect of its investment in Unichem Farmaceutica Do Brasil Ltda, Brazil, Impairment loss recognised for this investment for the year ₹ 511.71 Lakhs (P.Y. ₹ 2,690.78 Lakhs). This has resulted in the aggregate Impairment loss to ₹ 6,783.89 Lakhs (P.Y. ₹ 6,272.19 Lakhs) on a total investment of ₹ 6,783.89 Lakhs (P.Y. ₹ 6,272.19 Lakhs). Impairment loss for the current year is charged to statement of profit and loss after an internal assessment based on circumstances prevailing as at the balance sheet date, such as past performance, results ,assets, expected cash flows, projections, status of product approvals , nature of the market and regulatory conditions.

40 Expenditure incurred during the year and included in Capital work-in-progress as follows.

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
i) Power & fuel	330.00	838.65
ii) Repairs & maintenance	-	269.06
iii) Payroll expenses	390.50	540.25
iv) Freight	4.77	5.64
v) Insurance	12.83	35.82
vi) Travelling Expenses	11.68	21.14
vii) Rent, Rates & Taxes	-	59.40
viii) Depreciation	3.81	1.24
ix) R&D Chemicals	7.02	750.81
x) Administrative expenses	370.49	1,109.40
xi) Legal & Professional	4.07	306.65
	1,135.17	**3,938.06**

41 CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by the company during the year: ₹ 272.99 Lakhs (P.Y. ₹ 279.32 Lakhs)

b) Amount spent during the year on:

(₹ in Lakhs)

Particulars	in cash	yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) on purpose other than (i) above	92.49	-	92.49
(Previous year)	(122.19)		(122.19)

42 HEDGE ACCOUNTING

The Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The Company's manages currency risk as per trends and experiences. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Company does not enter into any derivative instruments for trading or speculative purposes.

Fair Value Hedge

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March 2018		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	12,510.79	12,434.21	-	76.58	Apr 2018 to Sept 2018	Other Financial Liabilities

i) The following are the outstanding forward contracts:

Currency	Buy / Sell	In Foreign Currency (in lakhs)		₹ in lakhs	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
EURO	Sell	2.46	8.50	197.63	587.58
USD	Sell	188.70	89.05	12,236.58	5,768.64
Others	Sell	-	1.80	-	87.19

ii) Foreign Currency exposure not hedged by forward contracts are given below :

Particulars	In Foreign Currency (in lakhs)		₹ in lakhs	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
A) Receivable				
Euro	40.98	38.05	3,305.07	2,630.72
USD	71.18	172.45	4,634.30	11,171.53
Others	55.32	40.74	1,262.20	582.13
B) Payable				
Euro	13.17	-	1,069.60	-
USD	109.18	-	7,154.88	-
Others	1.01	0.28	81.47	14.98

43 EMPLOYEE BENEFITS

The Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Other long term benefits comprises of leave entitlements to the employees. This benefit is partly funded by the Company.

Bifurcation of liability as per schedule III of the Companies Act 2013 :

(₹ in Lakhs)

Particulars	Gratuity		Leave entitlements	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Current Liability	175.11	319.59	291.18	408.41
Non-Current Liability	-	562.93	1,075.90	1,969.68
Net Liability	**175.11**	**882.52**	**1,367.08**	**2,378.09**

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	Gratuity	
	As at 31st March, 2018 (%)	As at 31st March, 2017 (%)
Discount rate	7.30%	6.90%
Salary growth rate	9.00%	7.00%
Expected rate of return on Plan assets	7.35%	6.90%
Withdrawal rate	15% at younger ages reducing to 2% at older ages	15% at younger reducing to 2% at older ages

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations. The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

The following tables summarise the funded status and amounts recognised in the balance sheet for gratuity.

Funded status of the plan:

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Present value of funded obligations	1,732.36	2,080.08
Fair value of plan assets	1,557.26	1,197.56
Net Liability (Asset)	**175.10**	**882.52**

Amount charge to statement of Profit and loss:

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Current service cost	319.59	226.66
Net interest cost	49.87	19.68
Employee Benefit Expense	**369.46**	**246.34**
Total Charge to statement of P&L	**369.46**	**246.34**

Amount charged Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	130.37	207.72
Due to experience adjustments	51.39	78.87
Return on plan assets excluding amounts included in interest income	(1.68)	(6.06)
Amounts recognized in Other Comprehensive Income	**180.08**	**280.53**

Reconciliation of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Opening Defined Benefit Obligation	2,080.08	1,590.52
Transfer out obligation	(894.70)	-
Current service cost	319.59	226.66
Interest cost	120.26	101.54
Actuarial loss/(gain) due to change in financial assumptions	130.38	207.72
Actuarial loss/ (gain) due to experience adjustments	51.39	78.87
Benefits paid	(74.64)	(125.23)
Closing Defined Benefit Obligation	**1,732.36**	**2,080.08**

Reconciliation of plan assets:

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Opening value of plan assets	**1,197.56**	**1,224.87**
Interest Income	70.40	81.86
Return on plan assets excluding above	1.68	6.06
Contributions by employer	362.26	10.00
Benefits paid	(74.64)	(125.23)
Closing value of plan assets	**1,557.26**	**1,197.56**

Sensitivity analysis:

Assumptions	Change in assumptions		Increase/(decrease) in defined benefit obligation	
	Increase/decrease	Percentage	2017-2018	2016-2017
Discount rate	Increase by	5%	-2.53%	-2.90%
	Decrease by	5%	2.70%	3.10%
Salary growth rate	Increase by	5%	2.65%	3.10%
	Decrease by	5%	-2.50%	-2.90%
Withdrawal rate	Increase by	10%	-0.66%	-0.51%
	Decrease by	10%	0.71%	0.52%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk : A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk : The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk : The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Expected contribution and weighted average duration for defined benefit obligation

Particulars	2017-2018	2016-2017
Expected contribution for the next year (Rs Lakhs)	500.00	350.00
Weighted average duration for defined benefit obligation (years)	5.23	6.15

Asset-liability matching strategies

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

44 RELATED PARTY DISCLOSURES

Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosure".

(a) List of related parties

(i) Subsidiaries of the Company (Wholly Owned) :

Niche Generics Limited. (United Kingdom)
Unichem SA Pty. LTD. (South Africa)
Unichem Farmaceutica Do Brasil Ltda (Brazil)
Unichem Pharmaceuticals (USA) Inc. (USA)
Unichem Laboratories Ltd (Ireland)

(ii) Enterprises under significant influence of key management personnel as defined in (iii) (disclosed to the extent of transactions)

Uni - Distributors Pvt. Ltd.
Uni Trust
Adiwasi Unnati Mandal

(iii) Key management personnel and their relatives: (disclosed to the extent of transactions)

Dr. Prakash A. Mody
(Chairman & Managing Director - CMD, Promoter)
Mrs. Anita Mody (Spouse of CMD)
Ms. Supriya Mody (Daughter of CMD)
Ms. Suparna Mody (Daughter of CMD)

(iv) Independent Directors:

Dr. (Mrs.) B. Kinnera Murthy
Mr. Anand Y. Mahajan
Mr. Prafull Anubhai
Mr. Prafull D Sheth
Mr. Ramdas M Gandhi

(v) Post-employment benefit plans:

Unichem Laboratories Ltd-Employees Gratuity Fund
Unichem Laboratories Ltd-Employees Superannuation Fund

(vi) Key management personnel and their: relatives as per Companies Act, 2013.

Mr. Rakesh Parikh - (Chief Finance & Compliance Officer)
Rakesh Parikh - HUF
Mrs. Neema Thakore - (Head - Legal & Company Secretary)

b) Disclosure of related party transactions :

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
i) Sale of finished goods (Net of returns)		
Subsidiaries		
Niche Generics Limited.	1,511.64	2,465.05
Unichem SA Pty. LTD.	268.93	368.22
Unichem Farmaceutica Do Brasil Ltda	852.94	229.73
Unichem Pharmaceuticals (USA) Inc.	29,105.22	22,501.60
Unichem Laboratories Ltd (Ireland)	234.61	428.01
	31,973.34	**25,992.61**
ii) Investments made (including guarantee commission)		
Subsidiary		
Unichem Farmaceutica Do Brasil Ltda	511.70	576.30
Unichem Pharmaceuticals (USA) Inc.	146.90	-
Unichem Laboratories Ltd (Ireland)	15.26	-
Niche Generics Limited.	27.47	-
	701.33	**576.30**
iii) Guarantees given to Banks		
On behalf of Subsidiary Company		
Unichem Pharmaceuticals (USA) Inc.	13,106.00	5,872.50
Unichem Laboratories Ltd (Ireland)	-	1,394.40
	13,106.00	**7,266.90**
iv) Rent & Maintenance Paid (excluding indirect taxes)		
Relative of Key Management Personnel		
Mrs Anita Mody	15.48	15.00
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	11.75	9.94
v) Managerial remuneration & commission		
Key Management Personnel		
Dr. Prakash A. Mody	143.31	559.31
vi) Salary		
Relative of Key Management Personnel		
Ms Supriya Mody	47.65	44.37
vii) Dividend Paid		
Key Management Personnel & Relatives		
Dr. Prakash A. Mody	1,268.62	-
Mrs. Anita Mody	39.70	-
Ms. Supriya Mody	28.50	-
Ms. Suparna Mody	28.50	-
	1,365.32	**-**
Independent Directors		
Dr. (Mrs.) B. Kinnera Murthy	-	
Mr. Anand Y. Mahajan	0.75	-
Mr. Prafull Anubhai	0.75	-
Mr. Prafull D Sheth	0.23	-
Mr. Ramdas M Gandhi	0.83	-
	2.56	**-**
viii) Expenses Re-imbursement (Establishment and administrative expenses)		
Subsidiaries		
Niche Generics Limited.	-	23.44
Unichem SA Pty. LTD.	29.73	5.45
Unichem Farmaceutica Do Brasil Ltda	10.00	10.05
Unichem Pharmaceuticals (USA) Inc.	949.58	596.61
	989.31	**635.55**
ix) Buy back of equity shares		
Key Management Personnel		
Dr. Prakash A. Mody	42,431.91	-
x) Sitting Fees		
Independent Directors		
Dr. (Mrs.) B. Kinnera Murthy	9.71	3.33
Mr. Anand Y. Mahajan	5.51	2.22
Mr. Prafull Anubhai	19.82	6.35
Mr. Prafull D Sheth	14.92	4.94
Mr. Ramdas M Gandhi	15.82	6.35
	65.78	**23.19**
xi) Corporate Social Responsibility		
Enterprise under significant influence of Key Management Personnel		
Adiwasi Unnati Mandal	6.00	6.00

c) Disclosure of related party balances :

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
i) Trade Receivables		
Subsidiaries		
Niche Generics Limited.	3,702.08	2,472.01
Unichem SA Pty. LTD.	195.47	153.14
Unichem Farmaceutica Do Brasil Ltda	821.25	245.95
Unichem Pharmaceuticals (USA) Inc.	10,221.26	12,053.55
Unichem Laboratories Ltd (Ireland)	171.40	216.36
	15,111.46	**15,141.01**
ii) Trade Payables		
Subsidiaries		
Niche Generics Limited.	2.18	1.87
Unichem SA Pty. LTD.	0.96	5.45
Unichem Farmaceutica Do Brasil Ltda	10.75	0.87
Unichem Pharmaceuticals (USA) Inc.	231.69	75.06
	245.58	**83.25**
iii) Investments in subsidiaries		
In equity shares		
Niche Generics Limited.	2,584.24	2,556.77
Unichem SA Pty. LTD.	12.14	12.14
Unichem Farmaceutica Do Brasil Ltda	6,783.89	6,272.19
Unichem Pharmaceuticals (USA) Inc.	3,098.82	2,951.92
Unichem Laboratories Ltd (Ireland)	886.95	871.69
	13,366.04	**12,664.71**
In preference shares		
Niche Generics Limited.	1,164.79	1,164.79
iv) Guarantees given		
to Banks on behalf of Subsidiary Company		
Unichem Pharmaceuticals (USA) Inc.	19,659.00	6,525.00
Unichem Laboratories Ltd (Ireland)	1,624.80	1,394.00
	21,283.80	**7,919.00**
corporate guarantee given on behalf of Subsidiary Company		
Niche Generics Limited.	2,437.20	2,091.60
v) Deposits paid		
Relative of Key Management Personnel		
Mrs Anita Mody	45.90	45.90
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	5.00	5.00
Uni Trust	2.25	2.25
	53.15	**53.15**
vi) Other Current Liabilities		
Key Management Personnel		
Dr. Prakash A. Mody	-	134.90

d) Contribution to post employment benefit plan :

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Post-employment benefit plans		
Unichem Laboratories Ltd- Employees Gratuity Fund	362.26	10.00
Unichem Laboratories Ltd- Employees Superannuation Fund	83.22	76.06

e) Following are Key management Personnel (not covered above) in accordance with provisions of Companies Act, 2013.details of transactions and balances are below :

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
i) Salary		
Key Management Personnel		
Mr. Rakesh Parikh	239.60	83.99
Mrs. Neema Thakore	134.57	48.66
ii) Dividend Paid		
Key Management Personnel		
Mr. Rakesh Parikh	1.31	-
Relative of Key Management Personnel		
Rakesh Parikh - HUF	0.12	-
iii) Share based payments (ESOPS)		
Key Management Personnel		
Mr. Rakesh Parikh	14.95	14.95
iv) Buyback of equity shares		
Key Management Personnel		
Mr. Rakesh Parikh	56.70	-
Relative of Key Management Personnel		
Rakesh Parikh - HUF	3.90	-

1 Number of option pending to be exercised by Mr. Rakesh Parikh as on 31st March,2018 are 27,500 (Previous year 42,600).
2 Key Managerial Personnel and their Relatives who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above. Further re-imbursement of expenses to KMP and their relatives are not included above
3 Director's remuneration for the year 2017-2018 is as per limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013.
4 All related party contracts / arrangements have been entered in ordinary course of business and are approved by the board of directors/ shareholders.

f) In view of the Management, equity Investment in Synchron Research Services Pvt Ltd will not result the investee company becoming a related party since there is no control / influence over operations :

The summary of transactions with Synchron Research Services Pvt. Ltd are as follows:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Research & Development Expenditure (Bio-equivalence studies)	8.15	143.10
Rent Income (net of GST)	39.93	36.90
Deposit received	7.50	7.50
Trade payable	10.49	19.40

45 OPERATING LEASE (LESSEE)

a) The Company has obtained certain equipments under non-cancellable lease agreements for the period of 36 months which are subject to renewal at mutual consent.

The expenses charged to the statement of profit & loss in current year are ₹ 9.66 Lakhs (P.Y. ₹ 21.17 Lakhs)

(₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	2017-2018	2016-2017
Lease payment not later than one year	13.44	8.34
Lease Payment later than one year and not later than five years	24.37	7.10
Lease Payment later than five year	-	-

b) The Company has taken flats / office premises and vehicles on cancellable operating leases. There are no restrictions imposed by lease arrangements. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term. The aggregate lease rentals payable, are charged as lease rent (Refer Note No.32) in the statement of profit and loss.

46 DISCONTINUED OPERATION

a) During the year, based on the approval obtained from the Shareholders, the Company has transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal ("Identified Business") by way of slump sale on going concern basis to Torrent Pharmaceuticals Limited ("Torrent"). Identified Business includes portfolio of several brands in India and Nepal, manufacturing facility at Sikkim and employees performing work in relation to said business.

b) Financial performance and cashflow information

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Revenue (including excise duty upto June 2017)	56,530.80	84,234.19
Expenses	41,172.68	61,851.04
Profit from Discontinued operations	**15,358.12**	**22,383.15**
Gain from sale of identified business(net)	3,21,731.05	-
Profit/(loss) from Discontinued operations (before tax)	**3,37,089.17**	**22,383.15**
Income tax expenses	69,288.37	4,443.30
Profit from Discontinued operations (after tax)	**2,67,800.80**	**17,939.85**
Net cash inflow(outflow) from Operating activities	(1,286.98)	20,372.18
Net cash inflow(outflow) from investing activities	2,66,489.87	-
Net cash inflow(outflow) from financing activities	-	-
Net increase in cash generated from discontinued operations	**2,65,202.89**	**20,372.18**

c) Details of sale of the identified business

(₹ in Lakhs)

Particulars	2017-2018
Consideration received (net of incidental expenses)	3,35,428.62
Carrying amount of net assets transferred/adjusted	13,697.57
Gain on sale before income tax	**3,21,731.05**
Income tax expenses on gain	
Current tax*	74,068.00
Deferred tax	(278.40)
MAT credit availed*	(4,501.23)
Gain on sale after income tax	**2,52,442.68**

* at company level

Carrying amount of assets and liabilities as on 14th Dec 2017(date of transfer) were as follows :

(₹ in Lakhs)

Particulars	2017-2018
Property, Plant and Equipment	2,533.38
Financial assets	5,255.10
Other assets	13,553.17
Total Assets	**21,341.65**
Financial liabilities	7,644.08
Net Assets	**13,697.57**

47 EARNINGS PER EQUITY SHARE (EPS)

Particulars			2017-2018	2016-2017
Weighted average number of equity shares for basic EPS	(A)	Nos	9,06,97,764	9,08,65,808
Add : Potential equity shares (ESOP)		Nos	57,782	1,52,676
Weighted average number of equity shares for diluted EPS	(B)	Nos	9,07,55,546	9,10,18,484
Face value of equity share (fully paid)		₹	2.00	2.00
CONTINUING OPERATIONS				
Profit attributable to equity shareholders for Basic & Diluted EPS	(C)	₹ Lakhs	(12,140.95)	(7,553.13)
Earnings per equity share				
Basic	(C/A)	₹	(13.39)	(8.31)
Diluted	(C/B)	₹	(13.38)	(8.30)
DISCONTINUED OPERATIONS				
Profit attributable to equity shareholders for Basic & Diluted EPS	(D)	₹ Lakhs	2,67,800.80	17,939.85
Earnings per equity share				
Basic	(D/A)	₹	295.27	19.74
Diluted	(D/B)	₹	295.08	19.71
FOR DISCONTINUED & CONTINUING OPERATIONS				
Profit attributable to equity shareholders for Basic & Diluted EPS	(E)	₹ Lakhs	2,55,659.85	10,386.72
Earnings per equity share				
Basic	(E/A)	₹	281.88	11.43
Diluted	(E/B)	₹	281.70	11.41

48 SHARE BASED PAYMENT PLANS (ESOP)

(i) During the year ended 31st March, 2018 the company has share based payment arrangements which are described below:

Particulars	ESOP 2008		
	Independent Directors stock option scheme	Senior Management stock option scheme	Senior Management stock option scheme
Date of Grant	26.03.2009	17.06.2009	08.03.2014
Number granted	50,000	297,500	225,000
Contractual life	5 Years	5 Years	5 Years
Vesting condition	As decided by Board / Compensation Committee based on various factors	As decided by Board / Compensation Committee based on various factors	As decided by Board / Compensation Committee based on various factors

(ii) Summary of stock option are as follows

Particulars	ESOP 2008	
	2017-2018	2016-2017
Option outstanding at the beginning of the year (Nos.)	1,84,225	2,17,550
Exercised during the year (Nos.)	(60,475)	(33,325)
Lapsed during the year (Nos.)	(55,000)	-
Option outstanding at the end of the year (Nos.)	68,750	1,84,225
Vested and exercisable at the end of the year (Nos.)	31,250	1,23,750
Weighted Average Exercise Price (₹)	46	46
Weighted Average Fair Value of Option (₹) *	149	149

* Fair value calculated based on Black & Scholes option pricing model

(iii) Share price at the dates of options exercised during the year ended 31st March 2018 - 1st April 2017 ₹ 283.25, 30th May 2017 ₹ 253.2, 3rd Nov., 2017 ₹ 313.3 , 8th Jan 2018 ₹ 369.25.
No share options were granted during the year as well as previous year

(iv) Share options outstanding at the end of year have the following expiry dates and exercise prices

Grant Date	Expiry Date	Exercise price (₹)	No. of ESOPS	
			2017-2018	2016-2017
8th March 2014	7th March 2023	46	31,250	1,16,725
8th March 2014	7th March 2024	46	37,500	67,500
			68,750	**1,84,225**

(v) Expense arising from share-based payment transactions

Expenses arising from share-based payment transactions recognised in profit and loss as part of employee benefit expense were as follows:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Employee option plan	16.88	67.27
Total	**16.88**	**67.27**

49 Payments to statutory auditors and cost auditors :

(₹ in Lakhs)

(i) Statutory Auditors (Excluding indirect tax)	2017-2018	2016-2017
Included in Establishment & Administrative expenses :		
Audit Fees	28.00	25.53
Tax Audit	7.50	5.67
Certification Charges	8.08	7.15
Reimbursement of Expenses	2.03	2.61
	45.61	**40.96**
Included in other equity:		
Transaction costs related to buyback	7.50	-
	7.50	**-**
Total	**53.11**	**40.96**

(ii) Cost Auditors (Excluding indirect Tax)	2017-2018	2016-2017
Included in Establishment & Administrative expenses :		
Audit Fees	7.00	6.50
Certification charges	0.52	0.90
Reimbursement of Expenses	-	0.12
Total	**7.52**	**7.52**

50 Establishment and administrative Expenses includes donation given to political party of ₹ 29.50 lakhs (P.Y. Nil)

51 RESEARCH & DEVELOPMENT EXPENDITURE

(At units approved by Department of Scientific & Industrial Research)

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Materials	2,518.34	2,341.87
Salaries, wages and Ex-gratia	2,302.13	1,804.75
Contribution to Provident fund and other Funds	86.38	85.30
Employee's welfare expenses	22.57	25.84
Rent	15.40	12.86
Insurance	10.85	11.90
Rates and Taxes	9.67	3.41
Repairs:		
Plant and machinery	56.40	107.26
Others	204.72	196.48
Power and fuel	289.82	221.94
Travelling and conveyance	36.38	32.80
Interest	0.32	1.03
Legal & Professional Expenses	241.72	54.22
Others (Bioequivalence Studies, etc.)	2,702.16	1,269.72
Total	**8,496.86**	**6,169.38**

52 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS PURSUANT TO SECTION 186(4) OF THE COMPANIES ACT, 2013

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Amount outstanding as at year end :		
Loans Given	-	-
Guarantees given *	23,721.00	10,011.00
Investments made **	1,69,094.19	15,209.53

* Guarantees are given to subsidiaries for business purposes

** Refer note no. 5,10 and 12 for details of investments made

53 FINANCIAL INSTRUMENTS

i) The carrying value and fair value of financial instruments by category is as follows :

(₹ in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets* :				
Amortised cost				
Cash and cash equivalents	1,633.70	1,633.70	777.39	777.39
Other Bank Balances	1,296.49	1,296.49	238.64	238.64
Trade receivables	22,704.98	22,704.98	29,649.22	29,649.22
Loans	12.28	12.28	17.17	17.17
Other Financial Assets	940.58	940.58	1,258.55	1,258.55
Fair value through profit or loss				
Investments in mutual funds and bonds (including Cash and cash equivalents)	1,53,985.47	1,53,985.47	800.24	800.24
Investments in equity instruments (other than investments in subsidiaries which is measured at cost)	8.58	8.58	10.48	10.48
Total	**1,80,582.08**	**1,80,582.08**	**32,751.69**	**32,751.69**
Financial liabilities :				
Amortised cost				
Borrowings	32.68	32.68	98.91	98.91
Trade payables	21,150.94	21,150.94	22,827.58	22,827.58
Other financial liabilities	1,875.18	1,875.18	3,250.92	3,250.92
Fair value through profit or loss				
Derivative Instruments	76.58	76.58	49.80	49.80
Total	**23,135.38**	**23,135.38**	**26,227.21**	**26,227.21**

* excluding financial assets measured at cost

ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

Fair value hierarchy as at 31st March, 2018

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	6.58	-	2.00	8.58
Investments in mutual funds & Bonds	1,53,985.47	-	-	1,53,985.47
Financial Liabilities				
Derivative Instruments	-	76.58	-	76.58

Fair value hierarchy as at 31st March, 2017

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments(other than in subsidiaries)	8.48	-	2.00	10.48
Investments in mutual funds	800.24	-	-	800.24
Financial Liabilities				
Derivative Instruments	-	49.80	-	49.80

Determination of fair values:

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

Investment in mutual funds :

The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments :
Equity investments traded in an active market determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the expected discounted cash flows from the underlying net assets or current market value of net assets.

Derivative instruments :
For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

54 FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

Market risk:
Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

Foreign currency exchange rate risk:
The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries and foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables upto a maximum of 6 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from USD, EUR and other currencies (which are not material) form non-derivative financial instruments:

(₹ in Lakhs)

As at 31st March 2018	USD	Euro	Others*	Total
Assets				
Trade Receivables	16,920.62	3,504.14	1,262.20	21,686.96
Total	**16,920.62**	**3,504.14**	**1,262.20**	**21,686.96**
Liabilities				
Trade Payable	7,154.88	1,069.60	81.47	8,305.96
Total	**7,154.88**	**1,069.60**	**81.47**	**8,305.96**
Net Assets/ Liabilities	**9,765.74**	**2,434.54**	**1,180.73**	**13,381.00**

(₹ in Lakhs)

As at 31st March 2017	USD	Euro	Others*	Total
Assets				
Trade Receivables	16,940.18	3,218.30	669.32	20,827.80
Total	**16,940.18**	**3,218.30**	**669.32**	**20,827.80**
Liabilities				
Trade Payable	-	-	14.98	14.98
Total	**-**	**-**	**14.98**	**14.98**
Net Assets/ Liabilities	**16,940.18**	**3,218.30**	**654.34**	**20,812.82**

*Others mainly include currency namely Canadian Dollars

Sensitivity analysis

(₹ in Lakhs)

Particulars	FOREIGN CURRENCY SENSITIVITY					
	As at 31st March 2018			As at 31st March 2017		
	USD	Euro	Others	USD	Euro	Others
1 % Appreciation in INR Impact on Profit & Loss	(97.66)	(24.35)	(11.81)	(169.40)	(32.18)	(6.69)
1 % Depreciation in INR Impact on Profit & Loss	97.66	24.35	11.81	169.40	32.18	6.69

Interest Rate Risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates and where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments or borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk.

The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate and there are no financial instruments with floating interest rates.

Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables (other than from subsidiaries) and unbilled revenues. The Company does not have significant concentration of credit risk related to trade receivables. No single third party customer contributes to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries) as of 31st March 2018 and 31st March 2017.

The Company limits its exposure to credit risk by generally investing in liquid securities having and only with counterparties that have a good credit rating. The company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.Refer note no. 11 for movement in expected credit loss allowance.

Liquidity risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below: (₹ in Lakhs)

As at 31-03-2018	In 1 year	More than 1 year	Total
Trade Payable	21,200.09	-	21,200.09
Borrowings*	-	32.68	32.68
Other financial liabilities	4,164.87	-	4,164.87
Total	**25,364.96**	**32.68**	**25,397.64**

(₹ in Lakhs)

As at 31-03-2017	In 1 year	More than 1 year	Total
Trade Payable	22,827.58	-	22,827.58
Borrowings*	55.14	43.77	98.91
Other financial liabilities	4,436.52	2,014.59	6,451.11
Total	**27,319.24**	**2,058.36**	**29,377.60**

*Excluding amortised cost adjustment.

Capital Management

Equity share capital and other equity (other than ESOP Reserve and Other comprehensive income) are considered for the purpose of Company's capital management. There are no externally imposed capital requirements on the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company is predominantly equity financed. Further, the company's current assets has always been higher than the liabilities. Also current assets includes cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of borrowings / debt.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2018 and 31st March, 2017.

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2018

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Independent Auditors' Report to the Members of Unichem Laboratories Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Unichem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

2. **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 Holding 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 Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 6 (a) below and the unaudited financial statements as certified by the management of the associate referred to in paragraph 6 (b) below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in paragraph 6 below on separate financial statements and on the other financial information of the subsidiaries and the associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

5. Emphasis of Matters

We draw attention to note 35 of notes to the consolidated financial statements, which describes the uncertainty related to outcome of appeal against fine imposed by European Commission jointly and severally on the Holding Company and its subsidiary (Niche Generics Limited, UK) amounting to € 13.97 Million (equivalent to ₹ 11,267.85 lakhs). This point was also reported under 'Emphasis of Matter' paragraph by erstwhile auditor in the previous year for consolidated financial statement. Our opinion is not modified in respect of above matter.

6. Other matters

(a) We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 30,123.02 lakhs and total net liabilities of ₹ 1,930.09 lakhs as at 31st March, 2018, total revenues (including other income) of ₹ 47,932.31 lakhs and net cash inflow amounting to ₹ 167.62 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management. These financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. Our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditor.

(b) The consolidated financial statements also include the Group's share of net loss of ₹ 22.32 lakhs for the year ended 31st March 2018, as considered in the consolidated financial statements, in respect of the associate, whose financial information have not been audited by us. This financial information is unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of such other auditor. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

(c) The opening balances as at 1st April 2017 included in this consolidated financial statements were audited by erstwhile auditor, whose report dated 30th May 2017 expressed an unmodified opinion on those statements.

(d) As mentioned in note 46 to consolidated financial statement, during the year the Holding Company has transferred its domestic formulation business in India and Nepal (i.e. discontinued operations) to Torrent Pharmaceuticals Limited. Accordingly the previous year figures are regrouped into continuing and discontinued operations. These regrouped previous year figures are prepared and certified by the Management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements of the associate which are certified by the Management.

7. Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report to the extent applicable that :

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of 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 so far as it appears from our examination of those books and the reports of the other auditors; and with respect to associate, we have relied on the information and explanation provided to us by the management;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2018 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on 31st March, 2018

from being appointed as a director in terms of Section 164 (2) of the Act. The Subsidiary companies are incorporated outside India; hence, Section 164(2) of the Act is not applicable to the subsidiary companies. With respect to the associate, the information about disqualification of director u/s 164(2) is not available; hence, we cannot comment on the same;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, considering that the wholly owned subsidiaries are incorporated outside India and an associate whose accounts are not audited as on the date of the report, reporting requirement are not applicable and not possible to report upon respectively.

In respect of the Holding Company our report on adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls may be referred to our separate report in Annexure I. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting; and

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

i. The Consolidated financial statements disclose the impact of pending litigations on its financial position of the Group and the associate. Refer note 34 (i) & (iv) and note 35 to the consolidated financial statements; except certain claims made by the ex-employees whose services were terminated in earlier years and are not acknowledged as debts. The financial impact of these claims cannot be estimated. However in the opinion of the management, these claims are not tenable;

ii. The Group and the associate 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. With respect to the subsidiaries and the associate, this clause is not applicable.

For N. A. Shah Associates LLP
Chartered Accountants
Firm registration number: 116560W/W100149

Milan Mody
Partner
Membership number: 103286

Mumbai
May 29, 2018

Annexure I to Independent Auditor's Report for the year ended 31st March 2018

[Referred to in paragraph "f" under the heading "Report on other legal and regulatory requirements" of our report of even date]

In conjunction with our audit of the consolidated financial statements of Unichem Laboratories Limited ("the Holding Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its associate company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of the Holding Company.

Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 Holding 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.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

The Holding 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 consolidated financial statement for external purposes in accordance with generally accepted accounting principles. The Holding Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the consolidated financial statement.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, read with our comment with respect to inventory above, the Holding 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 31st March 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For N. A. Shah Associates LLP
Chartered Accountants
Firm registration number: 116560W/W100149

Milan Mody
Partner
Membership number: 103286

Mumbai
May 29, 2018

Consolidated Financial Statements

Consolidated Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	57,244.41	48,402.71
(b) Capital work-in-progress	3	23,815.05	24,997.55
(c) Investment property	3	372.22	378.53
(d) Goodwill	3	154.51	154.51
(e) Other intangible assets	3	46.10	164.33
(f) Investments accounted for using the equity method	4	539.69	562.01
(g) Financial assets			
(i) Investments	4	8.58	10.48
(ii) Loans	5	6.94	8.59
(iii) Other financial assets	6	940.58	1,258.55
(h) Deferred tax assets (net)	7	360.53	591.30
(i) Other non-current assets	8	2,231.22	1,289.98
		85,719.83	**77,818.54**
Current assets			
(a) Inventories	9	27,286.44	28,171.09
(b) Financial assets			
(i) Investments	10	89,555.14	800.23
(ii) Trade receivables	11	27,222.35	31,531.55
(iii) Cash and bank balances	12		
Cash & cash equivalents		66,640.43	1,120.91
Other bank balances		1,505.59	492.86
(iv) Loans	13	5.34	8.58
(v) Other financial assets	14	2,925.00	249.47
(c) Other current assets	15	18,037.25	12,471.30
		2,33,177.54	**74,845.99**
TOTAL ASSETS		**3,18,897.37**	**1,52,664.53**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	1,406.74	1,817.53
(b) Other equity	17	2,66,601.64	1,04,544.42
		2,68,008.38	**1,06,361.95**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	32.68	43.77
(ii) Other financial liabilities	19	-	2,014.59
(b) Provisions	20	1,075.90	2,532.61
(c) Deferred tax liabilities (net)	21.4	3,429.01	2,449.51
		4,537.59	**7,040.48**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	15,028.72	9,762.20
(ii) Trade payables	23	22,623.49	21,073.42
(iii) Other financial liabilities	24	4,201.88	5,275.18
(b) Other current liabilities	25	2,100.79	1,526.11
(c) Provisions	26	1,935.27	1,457.39
(d) Current tax liabilities (net)		461.25	167.80
		46,351.40	**39,262.10**
TOTAL EQUITY AND LIABILITIES		**3,18,897.37**	**1,52,664.53**
Significant accounting policies & notes	**1- 51**		

Notes to Accounts form an integral part of financial statements

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Place: Mumbai
Date: 29th May, 2018

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
CONTINUING OPERATIONS			
I Revenue from operations (inclusive of excise duty upto June 2017)	27	81,839.69	69,866.67
II Other income	28	6,100.62	550.39
III Total Income (I+II)		**87,940.31**	**70,417.06**
IV EXPENSES			
Cost of materials consumed	29	38,772.89	26,242.32
Changes in inventories of finished goods and work-in-progress	29	(2,948.21)	(324.98)
Excise duty on sale of goods		39.34	95.26
Employee benefits expense	30	20,064.22	16,903.78
Finance costs	31	800.76	335.86
Depreciation and amortization expense	3	5,050.84	4,351.63
Other expenses	32	39,113.70	31,089.63
Total expenses (IV)		**1,00,893.54**	**78,693.50**
V Profit/(loss) before share of profit/(loss) of an associate (III - IV)		**(12,953.23)**	**(8,276.44)**
VI Share of profit/(loss) in associate (net of tax)		(22.32)	18.75
VII Profit/(loss) before tax (V+VI)		**(12,975.55)**	**(8,257.69)**
VIII Tax expense:			
(1) Current tax (set- off against tax on discontinued operations)	21	115.26	(1,365.94)
(2) Deferred tax	7,21	1,490.95	180.59
(3) Short / (Excess) provision for tax (earlier years)	21	(1,271.99)	-
IX Profit (Loss) for the year from continuing operations (VII-VIII)		**(13,309.77)**	**(7,072.34)**
DISCONTINUED OPERATIONS			
X Profit/(loss) from discontinued operations			
A. Profit / (loss) from discontinued operations	46	15,358.12	22,383.15
B. Gain on sale of identified business (net)		3,21,731.05	-
Profit/(loss) for the year from discontinued operations (A+B)		3,37,089.17	22,383.15
XI Tax on discontinued operations	21	69,288.37	4,443.30
XII Profit/(loss) from discontinued operations (after tax)(X-XI)		**2,67,800.80**	**17,939.85**
XIII Profit/(loss) for the year (IX+XII)		**2,54,491.03**	**10,867.51**
XIV Other Comprehensive Income	33		
A (i) Items that will not be reclassified to profit or loss		(180.08)	(280.53)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	157.00
B (i) Items that will be reclassified to profit or loss		(278.55)	90.38
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV Total Comprehensive Income for the year (XIII+XIV)		**2,54,032.40**	**10,834.36**
Earnings per equity share(face value of Rs 2 each)	**42**		
XVI Earnings per equity share (for continuing operations):			
(1) Basic		(14.67)	(7.78)
(2) Diluted		(14.67)	(7.77)
XVII Earnings per equity share (for discontinued operation):			
(1) Basic		295.27	19.74
(2) Diluted		295.08	19.71
XVIII Earnings per equity share (for discontinued & continuing operations)			
(1) Basic		280.60	11.96
(2) Diluted		280.41	11.94
Significant accounting policies & notes	**1- 51**		

Notes to Accounts form an integral part of financial statements

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Place: Mumbai
Date: 29th May, 2018

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2018

A. Equity Share Capital

Particulars	2017-2018		2016-2017	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Number of Shares outstanding as at the beginning of the year	**9,08,76,525**	**1,817.53**	**9,08,43,200**	**1,816.86**
Add: Number of shares allotted under ESOP during the year	60,475	1.21	33,325	0.67
Less: Buyback of shares during the year	(2,06,00,000)	(412.00)	-	-
Number of Shares outstanding as at the end of the year	**7,03,37,000**	**1,406.74**	**9,08,76,525**	**1,817.53**

B. Other Equity

(₹ in Lakhs)

Particulars	Share application money pending allotment	Employee stock options outstanding account	Reserves and Surplus					Other Comprehensive Income		Total
			General Reserve	Securities Premium Reserve	Capital Reserve	Capital Redemption Reserve	Retained Earnings	Remeasure-ments of defined benefit plans	Exchange differences on translating the financial statements of a foreign operation	
Balance at 31st March, 2016	**-**	**115.38**	**18,595.36**	**8,052.01**	**62.47**	**834.00**	**65,594.48**	**11.57**	**351.11**	**93,616.38**
Profit for the year	-	-	-	-	-	-	10,867.51	-	-	10,867.51
Other comprehensive Income for the year(net of tax)	-	-	-	-	-	-	-	(123.53)	90.38	(33.15)
Recognition of share-based payments (ESOP)	-	17.45	-	-	-	-	-	-	-	17.45
Issue of shares under ESOP	11.75	-	-	64.48	-	-	-	-	-	76.23
Balance at 31st March, 2017	**11.75**	**132.83**	**18,595.36**	**8,116.49**	**62.47**	**834.00**	**76,461.99**	**(111.96)**	**441.49**	**1,04,544.42**
Profit for the year	-	-	-	-	-	-	2,54,491.03			2,54,491.03
Other comprehensive Income for the year(net of tax)	-	-	-	-	-	-		(180.08)	(278.55)	(458.63)
Payment of dividends (Incl. Tax on dividend)	-	-	-	-	-	-	(3,282.85)	-	-	(3,282.85)
Transfer to retained earnings	-	-	-	-	(62.47)	-	62.47	-	-	-
Recognition of share-based payments (ESOP)	-	(73.53)	-	-	-	-	-	-	-	(73.53)
Issue of shares under ESOP	(11.75)	-	-	117.02	-	-	-	-	-	105.27
Buyback of shares	-	-	(18,595.36)	(8,233.51)	-	-	(61,339.13)	-	-	(88,168.00)
Transaction costs related to buyback(net of tax)	-	-	-	-	-		(556.07)	-	-	(556.07)
Transfer to capital redemption reserve upon buyback	-	-	-	-	-	412.00	(412.00)	-	-	-
Balance at 31st March, 2018	**-**	**59.30**	**-**	**-**	**-**	**1,246.00**	**2,65,425.44**	**(292.04)**	**162.94**	**2,66,601.64**

Significant accounting policies & notes **1-51**

Notes to Accounts form an integral part of consolidated financial statements

Share application money pending allotment: Share application money pending allotment represents money received from shareholders towards application of new shares, the allotment of which is not made indicate the share application money pending allotment.

Employee stock options outstanding account: The fair value of the equity-settled share based payment transactions with employees is recognised in statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

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

Securities premium reserve: The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the section 52 of the Indian Companies Act, 2013.

Capital reserve: Capital reserve is reclassified to retained earnings considering there are no pending obligations against grants / subsidy received.

Capital redemption reserve The Holding Company has recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilised in accordance with the section 69 of the Indian Companies Act, 2013. It also includes capital redemption reserve of a subsidiary.

Other comprehensive Income:

a) The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Holding Company. The remeasurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.

b) Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in separate reserve within equity. The cumulative amount is reclassified to profit or loss when the investment is disposed-off.

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Place: Mumbai
Date: 29th May, 2018

Consolidated Cash Flows Statement

for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
A. Cash Flow from Operating Activities				
Net Profit/(loss) before tax from continuing operations		(12,975.55)		(8,257.69)
Net Profit/(loss) before tax from discontinued operations		3,37,089.17		22,383.15
Net Profit before tax		**3,24,113.62**		**14,125.46**
Adjustments:				
Gain from sale of identified business	(3,21,731.05)		-	
Depreciation / amortisation (including investment property)	5,176.80		4,518.44	
Loss / (profit) on sale of property, plant and equipment (net)	(13.07)		79.06	
Unrealised exchange difference (net)	(1,120.33)		782.06	
Rent income	(102.26)		-	
Share of (profit) / loss from associate	22.32		(18.75)	
Loss on assets written off / discard (fixed assets)	516.39		-	
Finance cost (including interest impact on financial assets / liabilities)	800.76		335.86	
Provision for doubtful debts, loans ,advances & deposits (net)	266.26		2.76	
Expenses on employee stock option plan	16.88		67.27	
Fair value gain on investments (net)	(1,308.64)		(128.99)	
Bad debts written off	-		20.89	
Interest income	(1,352.27)		(247.04)	
Excess provision for expenses written back	(98.32)		(61.72)	
Recognition of grant through amortised method	-		(18.82)	
Adjustments of finance income on interest free security deposits	-		(0.87)	
Recognition of operating lease rent on security deposits	-		0.85	
Dividend income	(1,839.89)		(0.29)	
		(3,20,766.42)		5,330.71
Operating Profit Before Working Capital Changes		3,347.20		19,456.17
Working capital Adjustments(net of items transferred under slump sale) :				
Trade receivables & other assets	(9,404.81)		(12,321.91)	
Inventories	(9,586.93)		(5,113.96)	
Trade payable & other liabilities	4,325.19		7,570.87	
		(14,666.55)		(9,865.00)
Cash Generated from Operations		(11,319.35)		9,591.17
Direct taxes refund received (payment)		85.81		(2,772.42)
Net Cash Flow from/(used in) Operating Activities		**(11,233.54)**		**6,818.75**
B. Cash Flow from Investing Activities				
Purchase of property, plant & equipment including Capital WIP		(15,956.81)		(14,983.36)
Proceeds from sale of property, plant and equipment		117.52		262.20
Consideration from sale of identified business (net)		3,35,428.62		-
Tax paid on sale of identified business		(68,938.75)		-
Sale / (purchase) of current investment (net)		(87,444.37)		133.38
Inter - Corporate deposits (placed)/ Matured		300.00		1,200.00
Rent received (including amount received in advance)		252.47		-
(Increase) / decrease in escrow bank accounts		(1,005.87)		353.20
Interest received		273.84		247.04
Dividend received		1,839.89		0.29
Net cash flow from / (used in) Investing Activities		**1,64,866.54**		**(12,787.25)**
C. Cash Flow from Financing Activities				
Increase / (decrease) in working capital borrowings (net)		5,266.52		8,469.70
Proceeds from employee stock option plan		16.07		27.07
Payments for buyback of equity shares		(88,580.00)		-
Transaction costs related to buyback		(722.84)		-
Proceeds from issue of Commercial paper		1,449.41		-
Repayment of Commercial paper		(1,449.41)		-
Receipt/(repayments) of long term borrowings		-		(2,208.48)
Receipt/(repayment) of other long term liabilities		-		83.82
Receipt/(payment) of long term loan from BIRAC		(6.07)		(43.77)
Finance cost paid (Incl. interest impact on financial assets / liabilities)		(790.59)		(335.86)
Dividend paid (inclusive dividend tax)		(3,296.57)		(69.57)
Net cash flow from/(used) in Financing Activities		**(88,113.48)**		**5,922.91**
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		**65,519.52**		**(45.59)**
Cash and Cash Equivalents at the beginning of the year		**1,120.91**		**1,166.52**
Cash and Cash Equivalents at year end		**66,640.43**		**1,120.91**

Significant accounting policies & notes **1- 51**

Notes to Accounts form an integral part of financial statements

As per our report of even date attached

For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Place: Mumbai
Date: 29th May, 2018

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2018

1. Group information

The consolidated financial statements comprise the financial statements of the Unichem Laboratories Limited (the Holding Company) and the following wholly owned subsidiaries and associates (together referred to as "the Group"):

Name of Entity	Country of Incorporation*	Principal Activities
Subsidiaries (having 100% of ownership interest)		
Niche Generics Limited	United Kingdom	Pharmaceuticals
Unichem SA Pty Ltd.	South Africa	Pharmaceuticals
Unichem Pharmaceuticals (USA) Inc.	United States of America	Pharmaceuticals
Unichem Farmaceutica Do Brasil Ltda	Brazil	Pharmaceuticals
Unichem Laboratories Limited.	Ireland	Pharmaceuticals
Associate		
Synchron Research Services Pvt Ltd (Proportion of equity holding – 32.11%)	India	Technical Testing & Analysis Services

* Principal place of business is same as country of incorporation.

Equity Investment in Synchron Research services Pvt Ltd is accounted as per Ind AS 28 - Investments in Associates and joint ventures although the Holding Company do not exercise any significant influence over the operations of investee.

The consolidated financial statements of the Group for the year ended 31st March, 2018 were approved and adopted by the Board of Directors in their meeting dated 29th May, 2018

2. Significant accounting policies

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended for rules issued thereafter, the provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India.

Effective 1st April, 2016, the Holding Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with 1st April, 2015 as the transition date. The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Basis of preparation and presentation

These consolidated financial statements have been prepared on the historical cost convention and on accrual basis except for the following assets and liabilities which have been measured at fair value amount:

i. Certain financial assets and liabilities (including derivative instruments);

ii. Defined benefit plans – plan assets;

iii. Equity settled share based payments;

iv. Assets held for sale

The financial statements are in accordance with Division II of Schedule III to the Act, as applicable to the Holding Company.

2.3. Basis of Consolidation

i) The Holding Company consolidates all entities which it controls. Control is established when the Holding Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

ii) The Holding Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company.

iii) Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Holding Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

iv) Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition, the resulting difference is treated as goodwill. Where the cost of the equity is lower than the share of equity in the subsidiary, the difference is treated as capital reserve.

v) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

vi) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.

vii) In case of subsidiaries, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve in other equity.

viii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

ix) Investment in associates where the Holding Company holds more than 20% of equity and/or having significant influence, are accounted for using equity method as per Ind AS 28 - Investments in Associates and joint ventures.

x) The Holding Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Holding Company and its associates to the extent of its share, to the extent such change is attributable to the associates' Statement of Profit and Loss.

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

2.4. Current and non-current classification

All assets and liabilities are presented in the Balance Sheet based on current or non-current classification as per Group's normal operating cycle and other criteria set out in the division II of Schedule III of the Act.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Group has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

2.5. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Holding Companies functional and presentation currency. All amounts are rounded to the nearest rupees in lakhs.

2.6. Use of significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below.

i) Estimation of useful life of Property, plant and equipment (refer note no 2.9)

ii) Estimation of useful life of intangible assets (refer note no 2.11)

iii) Impairment of goodwill (refer note no. 2.12)

iv) Impairment of Property, plant and equipment and Capital work-in-progress (refer note no 2.14)

v) Estimation of provisions and contingent liabilities (refer note 2.19)

vi) Estimation of defined benefit plan and other long term benefits(refer note no 2.20)

vii) Fair value measurement for financial instruments (refer note no 2.30)

2.7. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services or goods provided in the normal course of business.

Sales of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer and there is no continuing effective control or managerial involvement with the goods. Amounts disclosed as revenue are inclusive of excise duty and net of other indirect taxes, discounts, rebates, expiry claims and sales returns.

Income from services including commission income and product development revenue is recognized when the services are rendered or when contracted milestones have been achieved and is recorded net of indirect taxes.

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

Interest income on financial assets is recognised using the effective interest rate.

Dividend income is recognized when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.

Rental income on investment properties given under operating lease arrangements is recognized on straight line basis over the lease term in accordance with terms of agreement. Rental income is recorded net of indirect tax and expenses which are directly attributable to investment properties.

2.8. Taxes

Income Tax expenses for the year comprises of current tax, deferred tax charge or credit, minimum alternate tax credit and adjustments of taxes for earlier years that may become necessary due to certain developments or reviews during the relevant period. In respect of amounts adjusted outside statement of profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted in other comprehensive income or in equity and not in statement of profit or loss.

Current tax

Provision for current tax is made as per the provisions of governing tax laws. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Current tax assets and current tax liabilities are offset when there is legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax Credit

The Group recognizes tax credits in the nature of Minimum Alternative Tax (MAT) credit as an asset only to the extent that there is convincing evidence that the Group will pay normal tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Group recognizes tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Group has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

Deferred tax liabilities arising out of temporary differences associated with investment in subsidiaries and associates, are not recognised when the Holding Company can control the timing of the reversal of temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Dividend Distribution Tax

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

2.9. Property, plant and equipment (Tangible Assets) and depreciation

The Group had applied one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS.

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount of all property, plant and equipment are measured using cost model.

Cost of an item of property, plant and equipment includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location

and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Cost for subsequent additions comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditures are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Group identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Pre-operation expenses and trial runs (net of revenue) and borrowing cost directly attributable to the cost of construction of the qualifying asset are treated as part of the project cost and are capitalized / allocated to the cost of asset in the year in which the project is completed. Administrative and other expenses which are not directly related to construction are charged to statement of profit and loss.

Gains or losses arising from derecognition of tangible property, plant and equipment are recognised in the Statement of Profit and Loss.

Depreciation is provided on all asses (other than free hold land and capital work-in-progress), on pro-rata basis, using following methods based on the respective estimate of useful lives as given below.

a) Straight-Line Method on buildings, plant and machinery, computers and servers

b) Written Down Value Method on other property, plant and equipments

The management believes that useful lives currently used is as prescribed under Part C of Schedule II to the Indian Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

Estimated useful lives of the PPEs are as follows:

Nature of assets	Useful life
Leasehold land	Over lease period [30 to 90 years]
Factory buildings on leasehold land	Lower of 30 years or balance lease period
Buildings on freehold land	30 to 60 years
Plant and equipments [other than continuous processing assets]	10 to 15 years
Plant and equipments [continuous processing assets]	20 years
Furniture and fixture	5-10 years
Vehicles	8 years
Office equipments	3-5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under ''Other non-current assets''. Cost of assets under construction / acquisition / not put to use at the Balance sheet date are disclosed under ''Capital work-in-progress''.

2.10. Computer software's / licenses

Consolidated software's / licenses cost is fully charged off to Statement of Profit and Loss in the year of expenditure. These software's / licenses are for administrative purposes.

2.11. Intangible Assets and amortization

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise licence submission fees which are amortised over their estimated useful economic life (expected to be about 5 years) from commencement of marketing. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

2.12. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.13. Non-Current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

2.14. Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an assets or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

2.15. Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and depreciation.

2.16. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transactions. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in statement of profit or loss or other comprehensive income respectively).

2.17. Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-

line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee

2.18. Inventories

Inventories consists of raw materials, packing materials, stores and spares, stock-in-trade, work-in-progress and finished goods. Inventories of raw materials, packing material, stores and spares are valued at cost and other inventories are valued at lower of cost and net realisable value after providing for obsolete / slow moving items. Cost is determined on weighted average basis.

Cost includes cost of purchase, non-refundable taxes and other costs / overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

2.19. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

2.20. Employee benefits

i) Short-term employee benefit

All employee benefits falling due wholly within twelve months after the end of the reporting period are classified as short term employee benefits and they are recognised as an expense at the undiscounted amount in the statement of profit and loss in the period in which the employee renders the related service.

ii) Post-employment benefits

a. Defined contribution plan

The Group contributes fixed contribution to a government administered fund and will have no legal or constructive obligation to pay further contribution.

Certain employees of the Holding Company are participants in Superannuation plan. The Holding Company has no further obligations to the Superannuation plan beyond its monthly contributions which are periodically contributed to "Unichem Laboratories Limited Employees Superannuation Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The Group's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which the employee renders the related services.

b. Defined benefit plan

The Holding Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Holding Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Holding Company fully contributes all ascertained liabilities to "Unichem Laboratories Limited Employees Gratuity Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The current service cost and interest on the net defined benefit liability / (asset) is recognized in the statement of profit and loss. Past service cost are immediately recognized in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income and are not reclassified to statement of profit or loss in subsequent periods. Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

iii) Other long-term benefits

The Holding Company has other long-term benefits in the form of leave benefits. The present value of the obligation is

determined based on actuarial valuation using the projected unit credit method carried out by independent actuary. Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense. Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

2.21. Equity settled share-based payments

Equity-settled share based payments to employees are measured at the fair value (i.e. excess of fair value over the exercise price of the option) of the Employee Stock Options Plan at the grant date. The fair value of option at the grant date is calculated by Black-Scholes model. In case the options are granted to employees of the Holding company, the fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Holding Company`s estimate of options that will eventually vest, with a corresponding increase in equity. In case of the options granted to employees of subsidiaries, the fair value of options granted to employees of the subsidiary companies are considered as capital contribution / investment.

The dilutive effect of outstanding options is reflected in determining the diluted earnings per share.

2.22. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

2.23. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

2.24. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with its conditions.

Government grants relating to income are recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the assets are credited in the statement of profit and loss over the expected useful life of the assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the fair value of the loan and the proceeds received.

2.25. Dividend distribution

Final equity dividends on shares are recorded as a liability on the date of approval by the shareholders and interim equity dividends are recorded as a liability on the date of declaration by the Holding Company's Board of Directors.

2.26. Share Capital

Ordinary shares are classified as equity. Transaction cost related to buy-back of equity shares is reduced from the retained earnings / reserves, net of tax effects.

2.27. Earnings per equity share

The Basic earnings per equity share is computed by dividing the net profit after tax for the year attributable to the equity shareholders of the Holding Company by weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share are computed by dividing the net profit attributable to equity holders of the Holding Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, share split, etc.

2.28. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short term deposits, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short term deposits, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

2.29. Cash flow statement

Cash Flows are reported using Indirect Method, whereby profit for the year 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.

2.30. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets:

Cash and bank balances

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term highly liquid investments / mutual funds (with zero exit load at the time of investment) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Other bank balances includes balances and deposits with bank that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In respect of equity investments (other than joint ventures) which are not held for trading, the Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Impairment of financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments:

Classification as debt or equity

Financial liabilities and equity instruments issued by the Holding Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Holding Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.31. New Ind AS issued but not effective as at Balance Sheet date

The following standards issued / modified by MCA become effective w.e.f. 1st April 2018.

Particulars	Effective date
New Ind AS issued	
Ind AS 115 – Revenue from contracts with customers	1st April 2018
Modification to existing Ind Accounting Standard	
Ind AS 12 – Income Taxes	1st April 2018
Ind AS 21 – The effects of changes in foreign exchange rates	1st April 2018
Ind AS 28 – Investments in associates and joint ventures	1st April 2018
Ind AS 40 – Investment property	1st April 2018
Ind AS 112 – Disclosure of interest in other entities	1st April 2018

The Group is assessing the potential impact of above amendments on the financial statements. The management presently is of the view that it would not have a material impact on the financial statements.

2.32. Amendments in Ind AS and its impacts on financial statements

Amendment to Ind AS 102 Share Based Payment: Effective 1st April, 2017, the Group adopted amendment to Ind AS 102 which provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The adoption of amendment did not have any material impact on the financial statements.

Amendments to Ind AS 7 Statements of Cash Flows: Effective 1st April, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3. PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant & equipment								Intangible Assets			Capital work-in -progress
	Freehold land	Leasehold land	Buildings **	Plant & equipments	Furniture & fixture	Vehicles	Office equipment	Total	Goodwill	Licenses	Total Intangible	
Gross carrying value, at cost												
As at 31st Mar, 2016	248.47	2,283.33	17,313.84	22,663.56	356.72	294.12	39.29	43,199.33	154.51	200.14	354.65	23,713.47
Additions	129.54	29.56	4,258.20	8,631.92	241.33	30.32	194.25	13,515.12	-	184.16	184.16	13,974.45
Disposal, slump sale transfer & Exchange gain/loss	-	0.02	250.59	648.53	33.57	46.91	14.32	993.94	-	122.58	122.58	12,690.37
As at 31st Mar, 2017	**378.02**	**2,312.87**	**21,321.45**	**30,646.95**	**564.48**	**277.53**	**219.22**	**55,720.52**	**154.51**	**261.72**	**416.23**	**24,997.55**
Additions	-	65.04	3,760.02	12,177.31	39.71	82.53	113.06	16,237.67	-	214.85	214.85	13,850.00
Disposal, slump sale transfer & Exchange gain/loss *	-	674.87	1,196.03	1,446.01	48.87	48.71	47.14	3,461.63	-	153.51	153.51	15,032.50
As at 31st Mar, 2018	**378.02**	**1,703.04**	**23,885.44**	**41,378.25**	**555.32**	**311.35**	**285.14**	**68,496.56**	**154.51**	**323.06**	**477.57**	**23,815.05**
Depreciation / amortisation												
As at 31st Mar, 2016	-	54.51	716.58	2,699.10	76.79	34.32	38.52	3,619.82	-	52.20	52.20	-
Charge for the year-continued	-	53.60	785.05	3,153.28	112.83	80.08	90.00	4,274.84	-	76.79	76.79	-
Charge for the year- discontinued	-	0.58	46.58	110.36	3.94	4.37	0.98	166.81	-	-	-	-
Disposal, slump sale transfer & Exchange gain/loss	-	(3.11)	116.74	565.77	9.76	40.57	13.93	743.66	-	31.60	31.60	-
As at 31st Mar, 2017	**-**	**111.80**	**1,431.47**	**5,396.97**	**183.80**	**78.20**	**115.57**	**7,317.81**	**-**	**97.39**	**97.39**	**-**
Charge for the year-continued	-	61.13	929.41	3,651.44	99.87	80.84	92.50	4,915.19	-	135.65	135.65	-
Charge for the year- discontinued	-	0.41	32.81	82.04	1.53	2.15	0.71	119.65			-	-
Disposal, slump sale transfer & Exchange gain/loss *	-	2.83	248.24	751.27	41.98	35.86	20.32	1,100.50	-	(43.92)	(43.92)	-
As at 31st Mar, 2018	**-**	**170.51**	**2,145.45**	**8,379.18**	**243.22**	**125.33**	**188.46**	**11,252.15**	**-**	**276.96**	**276.96**	**-**
Net book value												
As at 31st Mar, 2018	**378.02**	**1,532.53**	**21,739.99**	**32,999.07**	**312.10**	**186.02**	**96.68**	**57,244.41**	**154.51**	**46.10**	**200.61**	**23,815.05**
As at 31st Mar, 2017	378.02	2,201.07	19,889.98	25,249.98	380.68	199.33	103.65	48,402.71	154.51	164.33	318.84	24,997.55

* Transfer includes depreciation related to new projects under capitalisation allocated to Capital Work in-Progress.

** Buildings include three Flats and a Garage amounting to ₹ 147.19 lakhs (Previous year ₹ 147.19 lakhs) where the co-operative society is yet to be formed.

Notes :

1. Building includes cost of shares in cooperative societies ₹ 0.56 lakhs (P.Y. ₹ 0.56 lakhs)
2. Capital work-in-progress includes ₹ 1,610.99 lakhs (P.Y. ₹ 4,032.62 lakhs) on account of cost of construction
3. The amount of capital commitment disclosed in note 36
4. Certain property plant and equipments hypothecated /mortgaged as security for borrowing as disclosed under note 37(b) & (c).
5. The Group tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related. Key assumtions are as follows:
   a) Projected cash flows for five years
   b) Long term growth rate depending on macro-economic growth factors.
   c) Discount rate reflecting current market assessment of the risks specific to the CGU.

Addition to Fixed assets and CWIP includes ₹ 445.78 Lakhs (Previous year ₹ 548.38 Lakhs) being expenditure on Research and Development as under:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Buildings	-	9.71
Plant & Machinery	437.57	422.36
Furniture & Fixtures	6.95	-
Office Equipments	1.26	-
Capital Work in Progress	-	116.31
Total	**445.78**	**548.38**

3 INVESTMENT PROPERTIES

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Gross Carrying amount		
Opening gross Carrying amount	398.81	398.81
Additions	-	-
Closing gross carrying amount	**398.81**	**398.81**
Accumulated depreciation		
Opening accumulated depreciation	20.28	13.96
Depreciation charge(netted off from rent income)	6.31	6.31
Closing accumulated depreciation	**26.59**	**20.27**
Net carrying Amount	**372.22**	**378.54**

i) Amounts recognised in statement of profit and loss for investment properties

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Rental Income	39.93	36.91
Depreciation	6.31	6.31
Net income from investment properties	**33.62**	**30.60**

ii) Operating lease agreement is cancellable. The fair value of the property is not readily available however based on the annual rent income earned by the company, the fair value would be higher than the carrying value of the assets.

4. INVESTMENTS

4.1 Investments accounted for using the equity method

(₹ in Lakhs)

Particulars	No of Shares		Face value	Rs. in lakhs	
	As at 31st March, 2018	As at 31st March, 2017		As at 31st March, 2018	As at 31st March, 2017
(I) At Cost :					
UNQUOTED					
Equity Instruments of Associates (Fully Paid)					
Synchron Research Services Private Limited	2,08,333	2,08,333	Rs. 10	569.31	569.31
Add: Share in Profit / (Loss) after tax of Associates				(29.62)	(7.30)
Total of Investments measured at cost				**539.69**	**562.01**

4.2 Investments - Non current

(₹ in Lakhs)

Particulars	No of Shares		Face value	₹ in lakhs	
	As at 31st March, 2018	As at 31st March, 2017		As at 31st March, 2018	As at 31st March, 2017
(II) At fair value through profit and loss (FVTPL)					
UNQUOTED					
Equity Instruments (Fully Paid)					
Mediklin Healthcare Limited	2,02,500	2,02,500	₹ 10	-	-
Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
Sub Total				**2.00**	**2.00**
QUOTED					
Equity Instruments (Fully Paid)					
Jindal Polyfilm Limited	2,000	2,000	₹ 10	6.25	7.92
Jindal Poly Investment and Finance Company Ltd	500	500	₹ 10	0.29	0.47
Aurobindo Pharma Ltd	8	8	₹ 1	0.04	0.05
Kothari Industrial Corporation Ltd	20	20	₹ 5	-	0.04
Sub Total				**6.58**	**8.48**
Total of Investments measured at FVTPL				**8.58**	**10.48**
Total				**8.58**	**10.48**
Aggregate book value of unquoted investments				541.69	564.01
Aggregate amount of impairment in value of investments				-	-
Aggregate book value of quoted investments				6.58	8.48
Aggregate market value of quoted investments				6.58	8.48

5 LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured, considered good.		
Loans to Employees	6.94	8.59
Total	**6.94**	**8.59**

6 OTHER FINANCIAL ASSETS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Inter Corporate Deposits	500.00	800.00
Short term Deposits		
Unsecured, Considered Good	440.58	458.55
Doubtful	42.47	32.88
Less :Allowance for Doubtful deposits	42.47	32.88
	440.58	**458.55**
Total	**940.58**	**1,258.55**

7 DEFERRED TAX ASSETS

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred tax assets pertaining to subsidiaries(net)	360.53	591.30
Total	**360.53**	**591.30**

The deferred tax asset comprises of:

Particulars	As at 31st March 2018	Charge/(credit) for the year	As at 31st March 2017
Deferred Tax Assets			
Brought forward losses	154.78	131.06	285.84
Capitalized development stage costs	246.77	107.23	354.00
Depreciation	(41.02)	(7.52)	(48.54)
Total	**360.53**	**230.77**	**591.30**

Particulars	As at 31st March 2017	Charge/(credit) for the year	As at 31st March 2016
Deferred Tax Assets			
Brought forward losses	285.84	398.94	684.78
Capitalized development stage costs	354.00	78.97	432.97
Depreciation	(48.54)	(53.25)	(101.79)
Total	**591.30**	**424.66**	**1,015.96**

8 OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Capital advances	251.15	524.42
(Net of provision for Doubtful advances, ₹11.86 Lakhs, P.Y. ₹ 11.86 Lakhs)		
Payments to European Commission(refer note-35)	773.89	517.25
Balance with government authorities	241.79	160.12
Advance income tax (net of provision)	964.39	88.19
Total	**2,231.22**	**1,289.98**

9 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Raw Materials	12,375.65	11,273.71
[Include ₹ 54.31 Lakhs in transit, (P.Y ₹ 304.90 Lakhs)]		
Packing Materials	1,933.16	1,823.94
Work-in- Progress	5,273.23	4,650.68
Finished Goods (including stock in trade)	7,410.28	10,161.78
Stores and Spares	294.12	260.98
Total	**27,286.44**	**28,171.09**

Note :

1) During the year ended 31st March 2018, ₹ 399.90 Lakhs (P.Y ₹ 497.00 lakhs) was recognised as an expense for inventories carried at net realisable value
2) Refer note 2.18 of accounting policy for inventory valuation.
3) Inventories are hypothecated as security for borrowings as disclosed under note 37.

10 INVESTMENTS (CURRENT)

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
At fair value through profit and loss (FVTPL)				
QUOTED				
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life corporate bond fund	13,29,03,092.48	-	17,221.06	-
Edelweiss Arbitrage Fund- Monthly dividend direct plan	10,95,227.08	-	102.70	-
Kotak Equity Arbitrage Fund- Direct Plan	9,31,604.03	-	164.60	-
L&T Resurgent India Corporate Bond Fund Growth	3,91,15,366.86	-	4,983.11	-
Reliance Arbitrage Adv. Fund - Dir.Monthly Dividend	2,15,492.11	-	17.55	-
Reliance Corporate Bond Fund - Growth plan	10,87,09,831.72	-	15,081.28	-
Reliance Money Manager Fund - Direct Growth Plan	1,06,480.71	-	2,549.76	-
Birla Sun Life Cash Plus - Growth - Regular Plan	-	1,53,586.06	-	400.11
ICICI Prudential Liquid - Direct- Growth	-	1,66,607.80	-	400.12
INVESTMENT IN PERPETUAL BOND				
HDFC Bank Limited Sr-1 8.85 BD	1,080.00	-	11,453.76	-
Axis Bank Limited Sr-26 8.75 NCD	1,700.00	-	16,875.54	-
State Bank of India Sr-III 8.39 BD	2,100.00	-	21,105.78	-
Total Investments in Mutual Funds			**89,555.14**	**800.23**
Aggregate book value of quoted investments			89,555.14	800.23
Aggregate market value of quoted investments			89,555.14	800.23

Refer note 37(c) for investments pledged with Citibank N.A.

11 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Secured, considered good	1,101.57	2,014.59
Unsecured, considered good	26,120.78	29,516.96
Doubtful	1,167.12	605.94
Less : Provision for doubtful receivables	(1,167.12)	(605.94)
Total	**27,222.35**	**31,531.55**

1) Trade Receivables are secured against customer advances.
2) Also refer note 37 for trade receivables given as security.
3) The movement in allowance for doubtful receivables is as follows :

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Opening balance	605.94	696.29
Add : Allowance for doubtful receivables made during the year	561.18	-
Less : Allowance for doubtful receivables reversed during the year	-	90.35
Less : Trade receivables written off during the year	-	-
Closing balance	**1,167.12**	**605.94**

12 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	No of Units		Amount	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
(a) Cash & cash equivalents				
(i) Balances with banks				
In Current Accounts			2,200.54	1,072.50
(ii) Cheques on hand			-	38.23
(iii) Cash on hand			9.56	10.18
(iv) Investments in Mutual Fund (At FVTPL)				
Quoted				
Baroda Pioneer Liquid Fund Plan A Growth	10,070.86	-	200.34	-
DSP BlackRock FMP series 222 - 3 M Direct Growth	20,00,000.00	-	201.54	-
Edelweiss arbitrage Fund- Monthly dividend direct plan	6,82,51,813.69	-	8,533.66	-
HDFC Medium Term Opportunities Fund- Direct Plan	3,13,18,304.71	-	6,078.16	-
ICICI Prudential Flexible Income - Direct Plan - Growth	17,23,793.35	-	5,772.87	-
IDFC Corporate Bond Fund Direct Plan- Growth	11,05,97,823.78	-	13,238.89	-
Kotak Bond (Short Term)- Direct Plan- Growth	3,17,26,942.82	-	10,685.13	-
Kotak Equity Arbitrage Fund- Direct Plan	5,12,88,593.76	-	12,082.57	-
Kotak Treasury Advantage Fund Direct Plan	1,80,71,940.78	-	5,101.82	-
Reliance Arbitrage Advantage Fund - Direct Monthly Dividend Plan Reinvestment	2,33,48,139.40	-	2,535.35	-
			66,640.43	**1,120.91**
(b) Other bank balances (Restricted bank balances)				
In Unpaid Dividend Account			198.53	238.54
In Escrow Accounts (buyback related)			1,097.86	-
In Fixed Deposits having Original maturity more than 3 months			209.20	254.32
			1,505.59	**492.86**
Total			**68,146.02**	**1,613.77**
Aggregate book value of quoted investments			64,430.33	-
Aggregate market value of quoted investments			64,430.33	-

13 LOAN-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured, considered good		
Loans to Employees	5.34	8.58
Total	**5.34**	**8.58**

14 OTHER FINANCIAL ASSETS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Insurance claims receivables	2.72	10.94
Accrued Interest on bonds and fixed deposits	1,115.59	37.16
Others *	1,806.69	201.37
Total	**2,925.00**	**249.47**

* including amounts recoverable for payments made on behalf of the acquirer in respect of discontinued operations

15 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured, Considered Good		
Prepaid Expenses	1,632.59	1,497.61
Balances with Revenue Authorities (Including refund receivables)	13,444.96	8,722.67
Advance against materials & expenses	1,100.44	1,149.00
Export incentive receivable	1,524.50	909.98
Other receivables /advances	334.76	192.04
Sub Total	**18,037.25**	**12,471.30**
Doubtful		
Other advances	147.41	176.58
Less :Provision for Doubtful Advances	147.41	176.58
Sub Total	**-**	**-**
Total	**18,037.25**	**12,471.30**

15.1 : The movement in allowance for doubtful advances (including allowance made against non current items) is given below

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Opening balance (refer note 6,8 and 15)	221.32	235.26
Add : Allowance for doubtful advances made during the year	-	-
Less : Allowance for doubtful advances reversed during the year	19.58	13.94
Less : Advances written off during the year	-	-
Closing balance	**201.74**	**221.32**

16 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
AUTHORISED		
17,50,00,000 Equity Shares of ₹ 2/- each (P.Y :17,50,00,000 Equity shares of ₹ 2/- each)	3,500.00	3,500.00
5,00,00,000 Unclassified Shares of ₹ 2/- each (P.Y.: 5,00,00,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
50,00,000 Preference Shares of ₹ 10/- each (P.Y. : 50,00,000 Preference Shares of ₹ 10/- each)	500.00	500.00
Total	**5,000.00**	**5,000.00**

Particulars	As at 31st March 2018	As at 31st March 2017
ISSUED, SUBSCRIBED AND FULLY PAID UP		
7,03,37,000 Equity Shares of ₹ 2/- each fully paid up (P.Y 9,08,76,525 Equity Shares of ₹ 2/- each fully paid up)	1,406.74	1,817.53
Total	**1,406.74**	**1,817.53**

Reconcilation of Number of Shares (Equity)	2017-2018		2016-2017	
	No of Shares	Amount (Rs. in lakhs)	No of Shares	Amount (Rs. in lakhs)
Number of Shares outstanding as at the beginning of the year	9,08,76,525	1,817.53	9,08,43,200	1,816.86
Add: Number of Shares allotted under ESOP during the Year	60,475	1.21	33,325	0.67
Less: Buyback of shares during the Year/period	2,06,00,000	412.00	-	-
Number of Shares outstanding as at the end of the year	**7,03,37,000**	**1,406.74**	**9,08,76,525**	**1,817.53**

Rights, preferences and restrictions attached to Equity Shares.

The Holding Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of The Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

Shareholders holding more than 5 per cent of total Equity Shares

Name of the Shareholders	As at 31st March, 2018		As at 31st March, 2017	
	No of Shares	% held	No of Shares	% held
Dr. Prakash Amrut Mody	3,24,19,392	46.09	4,22,87,278	46.55

Note :

Consequent upon buyback during the year, there is reduction in individual shareholding as compared to 31st March 2017. However, on promoter group basis, there is no dilution in shareholding as on 31st March 2018 as compared to 31st March 2017.

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

17 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
SHARE APPLICATION MONEY PENDING ALLOTMENT		
Balance at beginning of year	11.75	11.75
Less: allotment of shares under ESOP	(11.75)	-
Balance at end of year	**-**	**11.75**
CAPITAL RESERVE		
Balance at beginning of year	62.47	62.47
Add : Additions /(deductions) during the year	(62.47)	-
Balance at end of year	**-**	**62.47**
CAPITAL REDEMPTION RESERVE		
Balance at beginning of year	834.00	834.00
Add : Additions /(deductions) during the year on account of buy back	412.00	-
Balance at end of year	**1,246.00**	**834.00**
SECURITIES PREMIUM RESERVE		
Balance at beginning of year	8,116.49	8,052.01
Less: Buy back of shares (refer note 17.1)	(8,116.49)	64.48
Balance at end of year	**-**	**8,116.49**
SHARE OPTIONS OUTSTANDING ACCOUNT		
Balance at beginning of year	263.03	312.85
Less : Deduction during the year	(160.46)	(49.82)
	102.57	263.03
Less: Deferred Employees' stock compensation	(43.27)	(130.20)
Balance at end of year	**59.30**	**132.83**
GENERAL RESERVE		
Balance at beginning of year	18,595.36	18,595.36
Less: Buy back of shares (refer note 17.1)	(18,595.36)	-
Balance at end of year	**-**	**18,595.36**
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at beginning of year	441.49	(56.46)
Exchange difference arising on translating the foreign operations	(278.55)	497.95
Balance at end of year	**162.94**	**441.49**
REMEASUREMENTS OF DEFINED BENEFIT PLANS		
Balance at beginning of year	(111.96)	11.57
Less: Remeasurements of defined benefit plans	(180.08)	(123.53)
Balance at end of year	**(292.04)**	**(111.96)**
RETAINED EARNINGS		
Balance at beginning of year	76,461.99	65,594.48
Add: Profit for the year	2,54,491.03	10,867.51
Add: Transfer from Capital reserve	62.47	-
Less : Appropriations :		
Transfer to capital redemption reserve	412.00	-
Buyback of shares (refer note 17.1)	61,339.13	-
Transaction costs related to buyback (net of tax of ₹ 166.77 lakhs)	556.07	-
Final Dividend paid for Year 2016-17 (Incl. Tax on dividend)	3,282.85	-
Balance at end of year	**2,65,425.44**	**76,461.99**
Total Reserves & Surplus	**2,66,601.64**	**1,04,544.42**

17.1 During the quarter ended 31st March, 2018, the Holding Company has concluded the buyback of 20,600,000 equity shares aggregating 22.65% of the paid-up equity share capital of The Holding Company at a price of ₹ 430 per equity share. The Holding Company has funded the buyback from its securities premium account, general reserve and retained earnings. Further, capital redemption reserve of ₹ 412.00 lakhs representing the nominal value of the shares bought back has been created as an appropriation from retained earnings. Transaction costs related to buyback are adjusted against retained earnings (net of tax)

17.2 In respect of the year ended 31st March, 2018, the Board of Directors at its meeting held on 29th May, 2018 recommended a dividend of ₹ 5 per share to be paid on its fully paid up equity shares having a face value of ₹ 2/- . This equity dividend is subject to the approval of shareholders at the ensuing Annual General Meeting and has not been included as a liability in these consolidated financial statements. The total estimated equity dividend (including tax on dividend) to be paid is ₹ 4,239.75 Lakhs.

18 BORROWINGS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
SECURED		
Term Loan (other than Banks) :		
Loan from BIRAC	32.68	43.77
	32.68	**43.77**

The Holding Company has taken term loan from BIRAC carrying interest at the rate of 2% per annum, repayment in 10 equal half yearly instalments commencing from 14th oct, 2016. (refer note 37(b))
Using prevailing market rates for an equivalent loan of 10 %, the fair value of the loan at initial recognition is estimated at ₹ 37.66 Lakhs. The difference of ₹ 13.77 Lakhs between gross proceeds and the fair value of the loan is the benefit derived from the below market interest loan and is recognised as deferred revenue (Note - 25). Interest expenses of ₹4.34 Lakhs was recognised of the year ended 31st March 2018 (P.Y ₹ 4.19 Lakhs) (Note 31).

19 OTHER FINANCIAL LIABILITIES - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deposits /Advances from Customers	-	2,014.59
Total	**-**	**2,014.59**

20 PROVISIONS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits :		
Defined benefit plan	-	562.93
Leave benefits	1,075.90	1,969.68
Total	**1,075.90**	**2,532.61**

21 INCOME TAXES

21.1 Income tax expense/ (benefit) recognized in statement of profit and loss:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Current tax:		
Current tax on profits for the year	74,185.54	3,418.32
MAT credit availed for earlier years*	(4,501.23)	-
Adjustments for current tax of prior periods**	(1,271.99)	-
Total Current tax expense	68,412.32	3,418.32
Deferred Tax:		
Decrease (increase) in Deferred Tax Assets	1,016.45	(870.26)
(Decrease) Increase in Deferred Tax Liabilities	193.82	709.89
Total Deferred tax expense /(credit)	**1,210.27**	**(160.37)**
Aggregate income tax expense [continued and discontinued operations]	**69,622.59**	**3,257.95**

* MAT credit for earlier year is recognised to the extent of utilisation in current year.

** Excess provision for income tax (net) of earlier years is on account of reworking the provision for tax in respect of earlier years on the basis of acceptance of the Holding Company's view in computation of tax liability under u/s 115JB (MAT) of the Indian Income tax Act, 1961 as per assessment order passed by the Indian tax authorities.

21.2 Income tax expense recognized in other comprehensive income and other equity:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Net Loss/(Gain) on Re-measurements of Defined Benefit Plans		
Current income tax	-	60.00
Deferred tax	-	97.00
Income Tax Expense/(Income) Charged to OCI	**-**	**157.00**
Current income tax recognised in reserves netted off against transaction costs of buyback	(166.77)	-
Income Tax Expense/(Income) credited to reserves	**(166.77)**	**-**

21.3 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Profit / (loss) from continuing operations before Income Tax	(12,975.55)	(8,257.69)
Profit from discontinued operations (including gain on sale of identified business) before Income Tax	3,37,089.17	22,383.15
Total profit before income taxes	**3,24,113.62**	**14,125.46**
At India's Statutory Income Tax Rate of 34.608% (31st March, 2017: 34.608%)	1,12,169.24	4,888.54
Adjustments to reconcile expected income tax expense to reported income tax expense		
Weighted deduction allowed in respect of research and development expenses	(3,246.43)	(2,326.01)
Effect of expenses not deductible in determining taxable profit	1,469.68	1,708.08
Effect of income exempt from taxation	(636.75)	(0.10)
Capital gain taxable at lower rate	(38,085.33)	-
Adjustments for current tax of prior periods	(1,271.99)	-
Others (net) (benefit of tax payable on MAT, MAT credit availed,differences in tax rates,losses of subsidaries etc.)	(800.55)	(1,012.56)
Revision in education cess	24.72	-
Adjusted income tax expenses	**69,622.59**	**3,257.95**
Effective Income Tax Rate	**21.48%**	**23.06%**

Deferred tax assets is not recognised on the amount of unused tax losses of subsidiaries aggregating to ₹ 9,088.92 lakhs (P.Y. ₹ 7,457.13 lakhs) as at year end

21.4 Reflected in the Balance Sheet as follows:

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liabilities		
Depreciation and amortisation	6,042.87	5,964.62
Others	123.08	-
	6,165.95	5,964.62
Deferred Tax Assets		
Allowance for doubtful trade receivables	385.67	208.39
Allowance for doubtful advances	59.24	72.49
Allowance for impairment in value of investments	1,411.05	2,181.19
Provision for employee benefits	481.16	956.04
Others	399.82	97.00
	2,736.94	3,515.11
Deferred Tax (Assets(/Liabilities (net)	**3,429.01**	**2,449.51**

Movement of deferred tax liabilities / (assets) during the year 2017-2018

(₹ in Lakhs)

Particulars	Opening balance 1st April 2017	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March 2018
Deferred tax assets / (liabilities) in relation to				
Depreciation and amortisation	5,964.62	78.25	-	6,042.87
Allowance for doubtful trade receivables	(208.39)	(177.28)	-	(385.67)
Allowance for doubtful advances	(72.49)	13.25	-	(59.24)
Allowance for impairment in value of investments	(2,181.19)	770.14	-	(1,411.05)
Provision for employee benefits	(956.04)	474.88	-	(481.16)
Others	(97.00)	(179.74)	-	(276.74)
Deferred tax assets / (liabilities) net	**2,449.51**	**979.50**	**-**	**3,429.01**

Movement of deferred tax liabilities / (assets) during the year 2016-2017

(₹ in Lakhs)

Particulars	Opening balance 1st April 2016	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March 2017
Deferred tax (assets) / liabilities in relation to				
Depreciation and amortisation	5,201.47	763.15	-	5,964.62
Allowance for doubtful trade receivables	(240.97)	32.58	-	(208.39)
Allowance for doubtful advances	(77.20)	4.71	-	(72.49)
Allowance for impairment in value of investments	(1,250.04)	(931.15)	-	(2,181.19)
Provision for employee benefits	(501.72)	(454.32)	-	(956.04)
Others	-	-	(97.00)	(97.00)
Deferred tax assets / (liabilities) net	**3,131.54**	**(585.03)**	**(97.00)**	**2,449.51**

22 BORROWINGS-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Secured		
From Banks		
Cash credit facility, repayable on demand (refer note 37(a)&(c))	15,028.72	9,762.20
Total	**15,028.72**	**9,762.20**

23 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	22,623.49	21,073.42
Total	**22,623.49**	**21,073.42**

24 OTHER FINANCIAL LIABILITY-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Unclaimed Dividend	231.68	238.54
Current maturity of long term loan (BIRAC)	10.93	1.57
Deposits /Advances from Customers	1,101.57	-
Payable for employee benefits	1,403.77	3,222.83
Payable for Capital Goods	1,453.93	1,812.24
Total	**4,201.88**	**5,275.18**

25 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Other Payables		
Statutory Dues	1,404.38	657.17
Revenue received in advance (refer note 25.1)	461.58	-
Others	234.83	868.94
Total	**2,100.79**	**1,526.11**

25.1 It includes ₹ 51.45 lakhs (P.Y. Nil) of grants relating to property, plant and equipment imported under the EPCG scheme. Under such scheme, the Holding Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Holding Company would be required to pay the duty saved along with interest to the regulatory authorities.

26 PROVISIONS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits :		
Defined benefit plan	175.11	319.59
Leave benefits	291.18	408.41
Others Provisions		
Expiry and other claims	1,468.98	729.39
Total	**1,935.27**	**1,457.39**

26.1 The Holding Company has made provision towards expected returns from market which are primarily in the nature of expired or near expiry products and other claims. Cash outflow is expected within 12 months from balance sheet date. The Holding Company does not expect any reimbursement in regards to the provision made.

(₹ in Lakhs)

Particulars	As at 31st March 2018
Opening Balance	729.39
Add : provisions made	1,468.98
Less: utilisations	729.39
Less: reversals	-
Closing balance	**1,468.98**

27 REVENUE FROM OPERATIONS (Gross)

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Sale of products (including excise duty upto June 2017) *	77,852.80	67,399.54
Other operating revenues		
Export benefits	3,260.17	1,892.83
Other operating revenues	726.72	574.30
	3,986.89	**2,467.13**
Total Revenue from Operations (Gross)	**81,839.69**	**69,866.67**

* Revenue for periods upto 30th June, 2017 are inclusive of excise duty. As per Ind AS 18 "Revenue", the revenue is disclosed net of GST after 30th June, 2017. Accordingly, the revenue for the current year are not strictly comparable to the previous year.

28 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest Income (Refer note 28.1)	1,352.27	251.43
Dividend Income on investments measured at Fair value through Profit and loss	1,839.89	0.29
Net gain on investments measured at Fair value through Profit and loss	1,308.64	133.38
Profit on sale of property, plant and equipments (net)	13.07	4.93
Other non-operating Income (lease rent, etc.)(net)	158.53	153.01
Net gain / (Loss) on foreign currency translation and transactions	1,428.22	7.35
Total	**6,100.62**	**550.39**

28.1 Details of interest income

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest Income on financial assets measured at amortised cost/others	315.37	251.43
Interest Income on investments measured at Fair value through Profit and loss	1,036.90	-

29 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Raw Materials	30,445.22	19,202.14
Packing Materials	8,327.67	7,040.18
Total	**38,772.89**	**26,242.32**

CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN- PROGRESS

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Inventories at the Commencement		
Finished Goods	5,084.62	5,423.90
Work in progress	4,650.68	3,986.42
	9,735.30	**9,410.32**
Inventories at Close		
Finished Goods	7,410.28	5,084.62
Work in progress	5,273.23	4,650.68
	12,683.51	**9,735.30**
(Increase) / Decrease in Finished Goods	(2,325.66)	339.28
(Increase) / Decrease in Work in progress	(622.55)	(664.26)
Total change in inventory for continued operations	**(2,948.21)**	**(324.98)**

30 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Salaries & wages	17,714.93	15,503.11
Contribution to provident and other funds	1,866.19	697.67
Expenses on employee stock option plan	16.88	67.27
Staff welfare expenses	466.22	635.73
Total	**20,064.22**	**16,903.78**

31 FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest expense	775.26	312.49
Unwinding of interest	4.34	4.19
Other borrowing costs	21.16	19.18
Total	**800.76**	**335.86**

32 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Consumption of Stores and Spares	1,337.92	966.97
Power and Fuel	4,923.24	4,161.83
Rent	405.74	381.24
Insurance	672.58	466.19
Repairs :		
Plant and Machinery	1,224.57	968.99
Buildings	319.54	248.61
Others	1,320.16	1,144.81
Rates and Taxes	475.26	580.27
Advertising and sales promotion	698.62	717.27
Travelling and Conveyance	587.95	463.36
Freight outward	7,151.72	8,021.00
Directors' Fees	65.79	23.19
Commission on sales	3,313.61	2,038.83
Legal & Professional Expenses	1,691.64	1,001.64
Loss on sale of assets	25.58	83.99
Contribution towards Corporate Social Responsibility	92.49	122.19
Establishment and Administrative Expenses	14,807.29	9,699.25
Total	**39,113.70**	**31,089.63**

33 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(180.08)	(280.53)
A (ii) Income tax relating to items that will not be reclassified to profit or loss	-	157.00
B (i) Items that will be reclassified to profit or loss		
Exchange difference in translating the financial statements of foreign operations	(278.55)	90.38
Total	**(458.63)**	**(33.15)**

34 CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
(i) Claims not acknowledged as debts*.	1,534.26	1,502.65
(ii) Other liabilities	494.27	1,888.05
(iii) Other bank guarantees	411.28	427.65
Total	**2,439.81**	**3,818.35**

* includes ₹ 120.58 lakhs (P.Y ₹109.19 Lakhs) paid under protest/deposit pending adjudication under Income tax Act,1961 and Central Excise Act 1944.

(iv) Claims made by the ex-employees of the Holding Company whose services have been terminated in earlier years are not acknowledged as debts, the exact liability, whereof is not ascertainable. The matters are disputed under various forums. However in the opinion of the management, these claims are not tenable.

35 On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of € 13.97 million (equivalent to ₹ 11,267.85 lakhs), jointly and severally on the Holding Company and its subsidiary Niche Generics Ltd ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Holding Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Holding Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Holding Company & Niche have submitted appeal in September 2014 to the EU General Court seeking appropriate relief in the matter. The outcome of the appeal is likely to follow some months after (early 2018 at the earliest), as advised by lawyers of the Niche. The appeal process before EU Courts is very slow and as this is a very complex matter, it is possible that the case may take even longer to be concluded. Pending outcome of the appeal a sum of ₹ 773.87 lakhs (P.Y. ₹ 517.25 lakhs) has been deposited with EU commission, and the same is refundable on favourable outcome of the matter. This amount paid is grouped under Note-8 other non-current assets in financial statements.

36 Estimated amount of Contracts remaining to be executed (Net of Advances) on Capital account ₹ 3,257.12 lakhs (P.Y. ₹ 5,334.17 lakhs) and on other revenue accounts ₹ 13,104.27 lakhs (P.Y. ₹ 14,574.59 lakhs) are not provided for.

37 (a) Cash credit ₹ Nil (P. Y. ₹ 55.14 Lakhs) in Joint consortium from Bank of India and Bank of Baroda are secured against hypothecation of Stocks and Book debts both present and future situated at various locations of the Holding Company.

(b) Loan from Biotechnology Industry Research Assistance Council, India (BIRAC) is secured against hypothecation of movable properties including any and all equipments , apparatus machineries , machineries spares , tools and other accessories , goods and / or other moveable property , present and future , situated at Bio -technology R&D Centre, Goa, India

(c) Credit facilities from Citibank, N.A. availed by the Holding Company and its subsidiaries [Unichem Laboratories Limited (Ireland), Unichem Pharmaceuticals (USA) Inc. (USA), Niche Generics Limited(United Kingdom)] are secured against investments in mutual funds to the extent of ₹ 33,084.66 Lakhs.In the previous year credit facilities to subsidiaries were secured by :

(i) first exclusive charge on the movable fixed assets (including plant and machinery, office equipment, furniture & fixtures, etc. and excluding current assets, stores & spares) situated at at various units of the Holding Company in India Pithampur, Madhya Pradesh and Baddi, Himachal Pradesh and

(ii) first exclusive charge on immovable property situated at various units of the Holding Company in India i.e. at Pithampur, Madhya Pradesh and Baddi, Himachal Pradesh.

38 Expenditure relating to new projects have been shown under the head Capital work-in-progress as follows.

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
i) Power & fuel	330.00	838.65
ii) Repairs & maintenance	-	269.06
iii) Payroll expenses	390.50	540.25
iv) Freight	4.77	5.64
v) Insurance	12.83	35.82
vi) Travelling Expenses	11.68	21.14
vii) Rent, Rates & Taxes	-	59.40
viii) Depreciation	3.81	1.24
ix) R&D Chemicals	7.02	750.81
x) Administrative expenses	370.49	1,109.40
xi) Legal & Professional	4.07	306.65
	1,135.17	**3,938.07**

39 HEDGE ACCOUNTING

The Holding Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Holding Company. The Holding Company's manages currency risk as per trends and experiences. The Holding Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Holding Company does not enter into any derivative instruments for trading or speculative purposes.

Fair Value Hedge

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March 2018		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	12,510.79	12,434.21	-	76.58	Apr 2018 to Sept 2018	Other Financial Liabilities

i) The following are the outstanding forward contracts:

Currency	Buy / Sell	In Foreign Currency (in lakhs)		Rs. in lakhs	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
EURO	Sell	2.46	8.50	197.63	587.58
USD	Sell	188.70	89.05	12,236.58	5,768.64
Others	Sell	-	1.80	-	87.19

ii) Foreign Currency exposure not hedged by forward contracts are given below :

Particulars	In Foreign Currency (in lakhs)		Rs. in lakhs	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
A) Receivable				
Euro	40.98	38.05	3,305.07	2,630.72
USD	71.18	172.45	4,634.30	11,171.53
Others	55.32	40.74	1,262.20	582.13
B) Payable				
Euro	13.17	-	1,069.60	-
USD	109.18	-	7,154.88	-
Others	1.01	0.28	81.47	14.98

40 Segment Information

The Group's Chief operating decision maker is Chairman & Managing Director and the Group has only one reportable segment i.e. Pharmaceuticals. It is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance. The risk,returns and internal business reporting systems are related to the one segment only.

Entity-wide disclosures:

(i) Revenues from sale of products from external customers:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
India	**59,797.67**	**88,288.98**
Outside India	**74,271.43**	**63,260.16**
USA	39,805.23	31,289.35
Others	34,466.20	31,970.81
Total	**1,34,069.10**	**1,51,549.14**

Revenue from external customers is allocated based on the location of the customer.

(ii) Details of Revenue

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Formulations	1,22,836.90	1,41,347.30
Bulk Drugs and Chemicals	11,232.20	10,201.84
Total	**1,34,069.10**	**1,51,549.14**

(iii) Non-current assets:

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
India	81,231.08	73,432.06
Outside India		
USA	252.44	258.63
Others	3,327.51	2,964.06
Total	**84,811.03**	**76,654.75**

(iv) Major customers

The Group has no external customer which accounts for more than 10% of the Group's total revenue for the year ended 31st March, 2018 and 31st March, 2017.

44 RELATED PARTY DISCLOSURES

Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosure".

a) List of related parties

(i) Key management personnel and their relatives: (disclosed to the extent of transactions)

Dr. Prakash A. Mody
(Chairman & Managing Director - CMD, Promoter)
Mrs. Anita Mody (Spouse of CMD)
Ms. Supriya Mody (Daughter of CMD)
Ms. Suparna Mody (Daughter of CMD)

(ii) Independent Directors:

Dr. (Mrs.) B. Kinnera Murthy
Mr. Anand Y. Mahajan
Mr. Prafull Anubhai
Mr. Prafull D Sheth
Mr. Ramdas M Gandhi

(iii) Post-employment benefit plans:

Unichem Laboratories Ltd-Employees Gratuity Fund
Unichem Laboratories Ltd-Employees Superannuation Fund

(iv) Key management personnel and their: relatives as per Companies Act, 2013.

Mr. Rakesh Parikh - (Chief Finance & Compliance Officer)
Rakesh Parikh - HUF
Mrs. Neema Thakore - (Head - Legal & Company Secretary)

b) Disclosure of related party transactions :

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
i) Rent & Maintenance Paid (excluding indirect taxes)		
Relative of Key Management Personnel		
Mrs Anita Mody	15.48	15.00
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	11.75	9.94
ii) Managerial remuneration & commission		
Key Management Personnel		
Dr. Prakash A. Mody	143.31	559.31
iii) Salary		
Relative of Key Management Personnel		
Ms Supriya Mody	47.65	44.37
iv) Dividend Paid		
Key Management Personnel & Relatives		
Dr. Prakash A. Mody	1,268.62	-
Mrs Anita Mody	39.70	-
Ms Supriya Mody	28.50	-
Ms. Suparna Mody	28.50	-
	1,365.32	**-**
Independent Directors		
Dr. (Mrs.) B. Kinnera Murthy	-	
Mr. Anand Y. Mahajan	0.75	-
Mr. Prafull Anubhai	0.75	-
Mr. Prafull D Sheth	0.23	-
Mr. Ramdas M Gandhi	0.83	-
	2.56	**-**
v) Buy back of equity shares		
Key Management Personnel		
Dr. Prakash A. Mody	42,431.91	-
vi) Sitting Fees		
Independent Directors		
Dr. (Mrs.) B. Kinnera Murthy	9.71	3.33
Mr. Anand Y. Mahajan	5.51	2.22
Mr. Prafull Anubhai	19.82	6.35
Mr. Prafull D Sheth	14.92	4.94
Mr. Ramdas M Gandhi	15.82	6.35
	65.78	**23.19**
vii) Corporate Social Responsibility		
Enterprise under significant influence of Key Management Personnel		
Adiwasi Unnati Mandal	6.00	6.00

c) Disclosure of related party balances :

(₹ in Lakhs)

	Particulars	2017-2018	2016-2017
i.)	Deposits paid		
	Relative of Key Management Personnel		
	Mrs Anita Mody	45.90	45.90
	Enterprise under significant influence of Key Management Personnel		
	Uni - Distributors Pvt. Ltd.	5.00	5.00
	Uni Trust	2.25	2.25
		53.15	**53.15**
ii.)	Other Current Liabilities		
	Key Management Personnel		
	Dr. Prakash A. Mody	-	134.90

d) Contribution to post employment benefit plan :

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Post-employment benefit plans		
Unichem Laboratories Ltd- Employees Gratuity Fund	362.26	10.00
Unichem Laboratories Ltd- Employees Superannuation Fund	83.22	76.06

e) Following are Key management Personnel (not covered above) in accordance with provisions of the Indian Companies Act, 2013. Details of transactions and balances are below :

(₹ in Lakhs)

	Particulars	2017-2018	2016-2017
i.)	Salary		
	Key Management Personnel		
	Mr. Rakesh Parikh	239.60	83.99
	Mrs. Neema Thakore	134.57	48.66
ii.)	Dividend Paid		
	Key Management Personnel		
	Mr. Rakesh Parikh	1.31	-
	Relative of Key Management Personnel		
	Rakesh Parikh - HUF	0.12	-
iii.)	Share based payments (ESOPS)		
	Key Management Personnel		
	Mr. Rakesh Parikh	14.95	14.95
iv.)	Buyback of equity shares		
	Key Management Personnel		
	Mr. Rakesh Parikh	56.70	-
	Relative of Key Management Personnel		
	Rakesh Parikh - HUF	3.90	-

1 Number of option pending to be exercised by Mr. Rakesh Parikh as on 31st March,2018 are 27,500 (Previous year 42,600).

2 Key Managerial Personnel and their Relatives who are under the employment of the Holding Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above. Further re-imbursement of expenses to KMP and their relatives are not included above

3 Director's remuneration for the year 2017-2018 is as per limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013.

4 All related party contracts / arrangements have been entered in ordinary course of business and are approved by the board of directors/ shareholders.

f) In view of the Management , equity Investment in Synchron Research Services Pvt Ltd will not result it becoming a related party for the Group since there is no control / influence over operations :

The summary of transactions with Synchron Research Services Pvt. Ltd are as follows:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Research & Development Expenditure (Bio-equivalence studies)	8.15	143.10
Rent Income (net of GST)	39.93	36.90
Deposit received	7.50	7.50
Trade payable	10.49	19.40

42 Earnings per equity share (EPS)

Particulars			2017-2018	2016-2017
Weighted average number of equity shares for basic EPS	(A)	Nos	9,06,97,764	9,08,65,808
Add : Potential equity shares on exercise of option of ESOS			57,782	1,52,676
Weighted average number of equity shares for diluted EPS	(B)	Nos	9,07,55,546	9,10,18,484
Face value of equity share		₹	2.00	2.00
CONTINUING OPERATIONS				
Profit attributable to equity shareholders for basic & Diluted EPS	(C)	₹ Lakhs	(13,309.77)	(7,072.34)
Earnings per equity share				
Basic	(C/A)	₹	(14.67)	(7.78)
Diluted	(C/B)	₹	(14.67)	(7.77)
DISCONTINUED OPERATIONS				
Profit attributable to equity shareholders for basic & Diluted EPS	(D)	₹ Lakhs	2,67,800.80	17,939.85
Earnings per equity share				
Basic	(D/A)	₹	295.27	19.74
Diluted	(D/B)	₹	295.08	19.71
FOR DISCONTINUED & CONTINUING OPERATIONS				
Profit attributable to equity shareholders for basic & Diluted EPS	(E)	₹ Lakhs	2,54,491.03	10,867.51
Earnings per equity share				
Basic	(E/A)	₹	280.60	11.96
Diluted	(E/B)	Rs	280.41	11.94

43 The Subsidiaries have accumulated losses which have been considered for the purpose consolidated financial statements. The standalone financial statements of these subsidiaries have been prepared on a going concern basis considering the continuous financial support from the Holding Company to its subsidiaries. Management of the Holding Company is of the view that performance of the subsidiaries is improving and will turnaround.

44 OPERATING LEASE (LESSEE)

a) The Group has obtained certain equipments under non-cancellable lease agreements and have obtained on lease certain premises under non-cancellable leace and license agreements for the period of 36 months which are subject to renewal at mutual consent.

The expenses charged to the statement of profit & loss in current year are ₹ 269.38 Lakhs (P.Y. ₹ 278.29 Lakhs)

(₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	As at 31st March, 2018	As at 31st March, 2017
Lease payment not later than one year	287.42	255.11
Lease Payment later than one year and not later than five years	787.03	992.17
Lease Payment later than five year	505.96	822.97

b) The Holding Company has taken flats / office premises and vehicles on cancellable operating leases. There are no restrictions imposed by lease arrangements. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term. The aggregate lease rentals payable, are charged as lease rent (Refer Note No.32) in the statement of profit and loss.

45 EMPLOYEE BENEFITS

The Holding Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Other long term benefits comprises of leave entitlements to the employees. This benefit is partly funded by the Company.

Bifurcation of liability as per schedule III of the Companies Act 2013 :

(₹ in Lakhs)

Particulars	Gratuity		Leave entitlements	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Current Liability	175.11	319.59	291.18	408.41
Non-Current Liability	-	562.93	1,075.90	1,969.68
Net Liability	**175.11**	**882.52**	**1,367.08**	**2,378.09**

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
	%	%
Discount rate	7.30%	6.90%
Salary growth rate	9.00%	7.00%
Expected rate of return on Plan assets	7.35%	6.90%
Withdrawal rate	15% at younger ages reducing to 2% at older ages	15% at younger reducing to 2% at older ages

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations. The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

The following tables summarise the funded status and amounts recognised in the balance sheet for gratuity.

Funded status of the plan:

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Present value of funded obligations	1,732.36	2,080.08
Fair value of plan assets	1,557.26	1,197.56
Net Liability (Asset)	**175.10**	**882.52**

Amount charge to statement of Profit and loss:

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Current service cost	319.59	226.66
Net interest cost	49.87	19.68
Employee Benefit Expense	**369.46**	**246.34**
Total Charge to statement of P&L	**369.46**	**246.34**

Amount charged Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	130.37	207.72
Due to experience adjustments	51.39	78.87
Return on plan assets excluding amounts included in interest income	(1.68)	(6.06)
Amounts recognized in Other Comprehensive Income	**180.08**	**280.53**

Reconciliation of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity	
	2017-2018	2016-2017
Opening Defined Benefit Obligation	**2,080.08**	**1,590.52**
Transfer out obligation	(894.70)	-
Current service cost	319.59	226.66
Interest cost	120.26	101.54
Actuarial loss/(gain) due to change in financial assumptions	130.38	207.72
Actuarial loss/(gain) due to experience adjustments	51.39	78.87
Benefits paid	(74.64)	(125.23)
Closing Defined Benefit Obligation	**1,732.36**	**2,080.08**

Reconciliation of plan assets:

(₹ in Lakhs)

Particulars	Gratuity	
	2017-2018	2016-2017
Opening value of plan assets	**1,197.56**	**1,224.87**
Interest Income	70.40	81.86
Return on plan assets excluding above	1.68	6.06
Contributions by employer	362.26	10.00
Benefits paid	(74.64)	(125.23)
Closing value of plan assets	**1,557.26**	**1,197.56**

Sensitivity analysis:

Assumptions	Change in assumptions		Increase/(decrease) in defined benefit obligation	
	Increase/decrease	Percentage	2017-2018	2016-2017
Discount rate	Increase by	5%	-2.53%	-2.90%
	Decrease by	5%	2.70%	3.10%
Salary growth rate	Increase by	5%	2.65%	3.10%
	Decrease by	5%	-2.50%	-2.90%
Withdrawal rate	Increase by	10%	-0.66%	-0.51%
	Decrease by	10%	0.71%	0.52%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

These plans typically expose the holding Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk : A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk : The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk : The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Expected contribution and weighted average duration for defined benefit obligation

Particulars	2017-2018	2016-2017
Expected contribution for the next year (Rs Lakhs)	500.00	350.00
Weighted average duration for defined benefit obligation (years)	5.23	6.15

Asset-liability matching strategies

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

46 DISCONTINUED OPERATION

a) During the year, based on the approval obtained from the Shareholders, the holding Company has transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal ("Identified Business") by way of slump sale on going concern basis to Torrent Pharmaceuticals Limited ("Torrent"). Identified Business includes portfolio of several brands in India and Nepal, manufacturing facility at Sikkim and employees performing work in relation to said business.

b) Financial performance and cashflow information

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Revenue (including excise duty upto June 2017)	56,530.80	84,234.19
Expenses	41,172.68	61,851.04
Profit from Discontinued operations	**15,358.12**	**22,383.15**
Gain from sale of identified business(net)	3,21,731.05	-
Profit/(loss) from Discontinued operations (before tax)	**3,37,089.17**	**22,383.15**
Income tax expenses	69,288.37	4,443.30
Profit from Discontinued operations (after tax)	**2,67,800.80**	**17,939.85**
Net cash inflow(outflow) from Operating activities	(1,286.98)	20,372.18
Net cash inflow(outflow) from investing activities	2,66,489.87	-
Net cash inflow(outflow) from financing activities	-	-
Net increase in cash generated from discontinued operations	**2,65,202.89**	**20,372.18**

c) Details of sale of the identified business

(₹ in Lakhs)

Particulars	2017-2018
Consideration received (net of incidental expenses)	3,35,428.62
Carrying amount of net assets transferred/adjusted	13,697.57
Gain on sale before income tax	**3,21,731.05**
Income tax expenses on gain	
Current tax*	74,068.00
Deferred tax	(278.40)
MAT credit availed*	(4,501.23)
Gain on sale after income tax	**2,52,442.68**

* at Holding Company level

Carrying amount of assets and liabilities as on 14th Dec 2017(date of transfer) were as follows :

(₹ in Lakhs)

Particulars	2017-2018
Property, Plant and Equipment	2,533.38
Financial assets	5,255.10
Other assets	13,553.17
Total Assets	**21,341.65**
Financial liabilities	7,644.08
Net Assets	**13,697.57**

47 SHARE BASED PAYMENT PLANS (ESOP)

(i) During the year ended 31st March, 2018 the Holding Company has share based payment arrangements which are described below:

Particulars	ESOP 2008		
	Independent Directors stock option scheme	Senior Management stock option scheme	Senior Management stock option scheme
Date of Grant	26.03.2009	17.06.2009	08.03.2014
Number granted	50,000	297,500	225,000
Contractual life	5 Years	5 Years	5 Years
Vesting condition	As decided by Board/ Compensation / Committee based on various factors	As decided by Board/ Compensation / Committee based on various factors	As decided by Board/ Compensation / Committee based on various factors

(ii) Summary of stock option are as follows

Particulars	ESOP 2008	
	2017-2018	2016-2017
Option outstanding at the beginning of the year (Nos.)	1,84,225	2,17,550
Exercised during the year (Nos.)	(60,475)	(33,325)
Lapsed during the year (Nos.)	(55,000)	-
Option outstanding at the end of the year (Nos.)	68,750	1,84,225
Vested and exercisable at the end of the year (Nos.)	31,250	1,23,750
Weighted Average Exercise Price (₹)	46	46
Weighted Average Fair Value of Option (₹) *	149	149

* Fair value calculated based on Black & Scholes option pricing model

(iii) Share price at the dates of options exercised during the year ended 31st March 2018 - 1st April 2017 ₹ 283.25, 30th May 2017 ₹ 253.2, 3rd Nov., 2017 ₹ 313.3 , 8th Jan 2018 ₹ 369.25.
No share options were granted during the year as well as previous year

(iv) Share options outstanding at the end of year have the following expiry dates and exercise prices

Grant Date	Expiry Date	Exercise price (Rs.)	No. of ESOPS	
			2017-2018	2016-2017
8th March 2014	7th March 2023	46	31,250	1,16,725
8th March 2014	7th March 2024	46	37,500	67,500
			68,750	**1,84,225**

(v) Expense arising from share-based payment transactions
Expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Employee option plan	16.88	67.27
Total	**16.88**	**67.27**

48 RESEARCH & DEVELOPMENT EXPENDITURE

(At units approved by Department of Scientific & Industrial Research)

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Materials	2,518.34	2,341.87
Contribution to Provident fund and other Funds	86.38	85.30
Employee's welfare expenses	22.57	25.84
Rent	15.40	12.86
Insurance	10.85	11.90
Rates and Taxes	9.67	3.41
Repairs:		
Plant and machinery	56.40	107.26
Others	204.72	196.48
Power and fuel	289.82	221.94
Travelling and conveyance	36.38	32.80
Interest	0.32	1.03
Legal & Professional Expenses	241.72	54.22
Others (Bioequivalence Studies, etc.)	2,702.16	1,269.72
Total	**8,496.86**	**6,169.38**

49 FINANCIAL INSTRUMENTS

i) The carrying value and fair value of financial instruments by category is as follows :

(₹ in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets* :				
Amortised cost				
Cash and cash equivalents	2,210.10	2,210.10	1,120.91	1,120.91
Other Bank Balances	1,505.59	1,505.59	492.86	492.86
Trade receivables	27,222.35	27,222.35	31,531.55	31,531.55
Loans	12.28	12.28	17.17	17.17
Other Financial Assets	940.58	940.58	1,258.55	1,258.55
Fair value through profit or loss				
Investments in mutual funds and bonds (including Cash and cash equivalents)	1,53,985.47	1,53,985.47	800.23	800.23
Investments in equity instruments	8.58	8.58	10.48	10.48
Total	**1,85,884.95**	**1,85,884.95**	**35,231.75**	**35,231.75**
Financial liabilities :				
Amortised cost				
Borrowings	15,061.40	15,061.40	9,805.97	9,805.97
Trade payables	22,623.49	22,623.49	21,073.42	21,073.42
Other financial liabilities	4,201.88	4,201.88	7,289.77	7,289.77
Fair value through profit or loss				
Derivative Instruments	76.58	76.58	49.80	49.80
Total	**41,963.35**	**41,963.35**	**38,218.96**	**38,218.96**

* excluding financial assets measured at cost

ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

Fair value hierarchy as at 31st March, 2018

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	6.58	-	2.00	8.58
Investments in mutual funds & Bonds	1,53,985.47	-	-	1,53,985.47
Financial Liabilities				
Derivative Instruments	-	76.58	-	76.58

Fair value hierarchy as at 31st March, 2017

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments(other than in subsidiaries)	8.48	-	2.00	10.48
Investments in mutual funds	800.23	-	-	800.23
Financial Liabilities				
Derivative Instruments	-	49.80	-	49.80

Determination of fair values:

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

Investment in mutual funds :

The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments :

Equity investments traded in an active market determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the expected discounted cash flows from the underlying net assets or current market value of net assets.

Derivative instruments :

For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

50 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

Market risk:

Market risk refers to the possibility that changes in the market rates may have impact on the Group's profits or the value of its holding of financial instruments. The Group is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

Foreign currency exchange rate risk:

The Group's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries and foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entites. Since a major part of the group's operating revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the group's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.The major foreign currency exposures for the group are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The group hedges trade receivables upto a maximum of 6 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis.The following table sets forth information relating to foreign currency exposure from USD, EUR and other currencies (which are not material) form non-derivative financial instruments:

(₹ in Lakhs)

As at 31st March 2018	USD	Euro	Others*	Total
Assets				
Trade Receivables	16,920.62	3,504.14	1,262.20	21,686.96
Total	**16,920.62**	**3,504.14**	**1,262.20**	**21,686.96**
Liabilities				
Trade Payable	7,154.88	1,069.60	81.47	8,305.96
Total	**7,154.88**	**1,069.60**	**81.47**	**8,305.96**
Net Assets/ Liabilities	**9,765.74**	**2,434.54**	**1,180.73**	**13,381.00**

(₹ in Lakhs)

As at 31st March 2017	USD	Euro	Others*	Total
Assets				
Trade Receivables	16,940.18	3,218.30	669.32	20,827.80
Total	**16,940.18**	**3,218.30**	**669.32**	**20,827.80**
Liabilities				
Trade Payable	-	-	14.98	14.98
Total	**-**	**-**	**14.98**	**14.98**
Net Assets/ Liabilities	**16,940.18**	**3,218.30**	**654.34**	**20,812.82**

*Others mainly include currency namely Canadian Dollars

Sensitivity analysis

(₹ in Lakhs)

Particulars	FOREIGN CURRENCY SENSITIVITY					
	As at 31st March 2018			As at 31st March 2017		
	USD	Euro	Others	USD	Euro	Others
1 % Appreciation in INR Impact on Profit & Loss	(97.66)	(24.35)	(11.81)	(169.40)	(32.18)	(6.69)
1 % Depreciation in INR Impact on Profit & Loss	97.66	24.35	11.81	169.40	32.18	6.69

Interest Rate Risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates and where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments or borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Holding Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate and there are no financial instruments with floating interest rates.

Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business.

The group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The group does not have significant concentration of credit risk related to trade receivables. No single third party customer contributes to more than 10% of outstanding accounts receivable as of 31st March 2018 and 31st March 2017.
The Group limits its exposure to credit risk by generally investing in liquid securities having and only with counterparties that have a good credit rating. The Group does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.Refer note no. 11 for movement in expected credit loss allowance.

Liquidity risk:
Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.
Contractual maturities of significant financial liabilities are as below:

(₹ in Lakhs)

As at 31-03-2018	In 1 year	More than 1 year	Total
Trade Payable	22,623.49	-	22,623.49
Borrowings*	15,028.72	32.68	15,061.40
Other financial liabilities	4,201.88	-	4,201.88
Total	**41,854.09**	**32.68**	**41,886.77**

(₹ in Lakhs)

As at 31-03-2017	In 1 year	More than 1 year	Total
Trade Payable	21,073.42	-	21,073.42
Borrowings*	9,762.20	43.77	9,805.97
Other financial liabilities	5,275.18	2,014.59	7,289.77
Total	**36,110.80**	**2,058.36**	**38,169.16**

*Excluding amortised cost adjustment.

Capital Management
Equity share capital and other equity (other than ESOP Reserve and Other comprehensive income) are considered for the purpose of Group's capital management. There are no externally imposed capital requirements on the Group. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.
The Group is predominantly equity financed. Further, the Group's current assets has always been higher than the liabilities. Also current assets includes cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of borrowings / debt.
No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2018 and 31st March, 2017.

51 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013

(a) As at and for the year ended 31st March, 2018

Particulars	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	AS % of consolidated net assets	Rs in crores	AS % of consolidated profit or loss	Rs in crores	AS % of consolidated other comprehensive income	Rs in crores	AS % of consolidated total comprehensive income	Rs in crores
Parent								
Unichem Laboratories Ltd.	103%	2,761.65	100%	2,556.60	39.2%	(1.80)	100.9%	2,563.60
Subsidiaries								
Foreign								
Niche Generics Limited.	-2%	(59.72)	-1%	(19.00)	46.0%	(2.11)	-0.6%	(15.79)
Unichem SA Pty Ltd.	0%	(0.19)	0%	0.04	0.2%	(0.01)	0.0%	0.03
Unichem Farmaceutica Do Brasil Ltda	-2%	(64.22)	0%	(4.32)	3.7%	(0.17)	-0.2%	(4.48)
Unichem Pharmaceuticals (USA) Inc.	0%	8.86	0%	(0.89)	-1.5%	0.07	0.0%	(0.82)
Unichem Laboratories Limited. (Incorporated in Ireland)	0%	(12.65)	0%	(1.10)	19.4%	(0.89)	-0.1%	(1.99)
Associate								
Synchron Research Pvt Ltd	0%	(0.30)	0%	(0.22)	0.0%		-0.1%	(1.99)
Consolidation Adjustments	2%	46.65	1%	13.80	-7.0%	0.32	-0.1%	(1.99)
Total	**100%**	**2,680.08**	**100%**	**2,544.91**	**100%**	**(4.59)**	**100%**	**2,540.32**

(b) As at and for the year ended 31st March, 2017

Particulars	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	AS % of consolidated net assets	Rs in crores	AS % of consolidated profit or loss	Rs in crores	AS % of consolidated other comprehensive income	Rs in crores	AS % of consolidated total comprehensive income	Rs in crores
Parent								
Unichem Laboratories Ltd.	106%	1,130.73	96%	103.87	365%	(1.24)	95%	102.63
Subsidiaries								
Foreign								
Niche Generics Limited.	-3%	(35.82)	-3%	(3.38)	-203%	0.69	-2%	-2.69
Unichem SA Pty Ltd.	0%	(0.22)	0%	0.22	6%	(0.02)	0%	0.20
Unichem Farmaceutica Do Brasil Ltda	-6%	(59.74)	-5%	(5.62)	29%	(0.10)	-5%	-5.72
Unichem Pharmaceuticals (USA) Inc.	1%	9.68	5%	5.72	-18%	0.06	5%	5.78
Unichem Laboratories Limited. (Incorporated in Ireland)	-1%	(10.66)	-1%	(1.19)	-76%	0.26	-1%	-0.93
Associate								
Synchron Research Pvt Ltd	0%	(0.07)	0%	0.19	0%		0%	0.19
Consolidation Adjustments	3%	29.73	8%	8.87	-3%	0.01	8%	8.88
Total	**100%**	**1,063.63**	**100%**	**108.68**	**100%**	**(0.34)**	**100%**	**108.34**

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Rakesh Parikh
Chief Finance & Compliance Officer

Neema Thakore
Head - Legal & Company Secretary

Dr. Prakash A. Mody
Chairman & Managing Director
DIN 00001285

Prafull Anubhai
Director
DIN 00040837

Place: Mumbai
Date: 29th May, 2018

Notes

UNICHEM LABORATORIES LTD.
CIN:L99999MH1962PLC012451
Unichem Bhavan, Prabhat Estate, Off S. V. Road, Jogeshwari (West), Mumbai - 400 102
Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391
Website: www.unichemlabs.com • E-mail Id.: shares@unichemlabs.com

PROXY FORM - MGT-11

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 Unichem Laboratories Limited hereby appoint,

1.	Name	:	
	E-mail Id.	:	
	Address	:	
	Signature	:	

or failing her/him;

2.	Name	:	
	E-mail Id.	:	
	Address	:	
	Signature	:	

or failing her/him;

3.	Name	:	
	E-mail Id.	:	
	Address	:	
	Signature	:	

(contd.)

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55th Annual General Meeting of the Company, to be held on Saturday, July 28, 2018 at 3.00 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College (K. C. College), Dinshaw Wachha Road, Churchgate, Mumbai 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions
1.	Consider and adopt: (a) Audited standalone financial statements and Reports thereon for the year ended March 31, 2018. (b) Audited consolidated financial statements for the year ended March 31, 2018.
2.	Declaration of dividend for the year ended March 31, 2018.
3.	Re-appointment of Dr. Prakash A. Mody, Director, who retires by rotation.
4.	Re-appointment of Dr. Prakash A. Mody as the Chairman & Managing Director of the Company for a period of five years with effect from July 1, 2018 upto June 30, 2023.
5.	Appointment of Mr. Dilip Kunkolienkar as a Director of the Company retiring by rotation.
6.	Appointment of Mr. Dilip Kunkolienkar as a Wholetime Director of the Company, designated as Director Technical for a period of five years with effect from April 1, 2018 upto March 31, 2023.
7.	Re-appointment of Mr. Prafull Anubhai as an Independent Director of the Company for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024.
8.	Re-appointment of Mr. Prafull Sheth as an Independent Director of the Company for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024.
9.	Re-appointment of Mr. Anand Mahajan as an Independent Director of the Company for a second term of five consecutive years with effect from April 1, 2019 upto March 31, 2024.
10.	Ratification of remuneration payable to the Cost Auditors, Kishore Bhatia and Associates.

Signed this ..... day of ..... 2018.

Signature of Shareholder

Signature of Proxyholder (s)

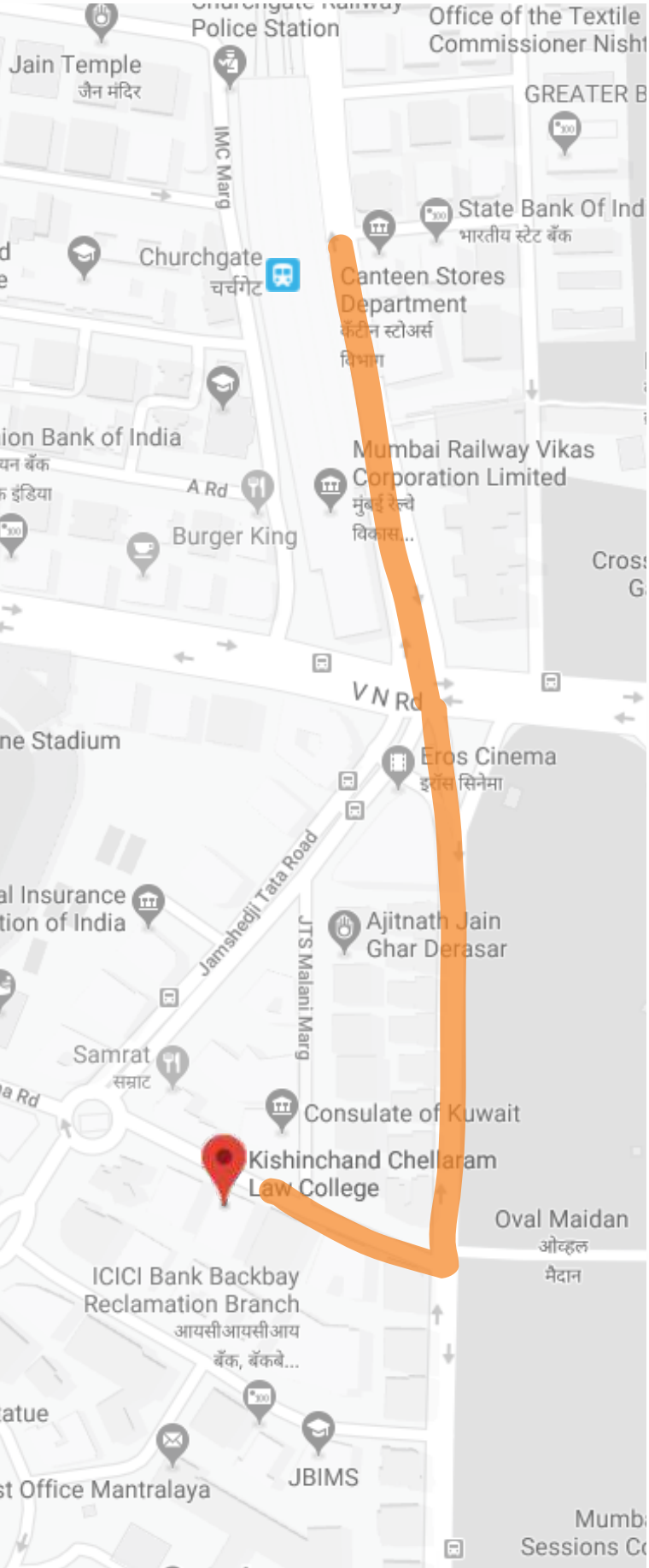
Affix Revenue Stamp of ₹ 1/-

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than forty eight hours before the meeting.

2. A proxy need not be a member of the Company.

AGM Map



ROUTE MAP TO ANNUAL GENERAL MEETING VENUE

Location:
Rama Watumull Auditorium,
Kishinchand Chellaram College (K. C. College),
124, Dinshaw Wachha Road,
Churchgate, Mumbai 400 020

Landmark:
Oval Maidan

UNICHEM

UNICHEM
LABORATORIES LTD.

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