ALKEM

ALKEM LABORATORIES LTD.

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CIN no :- U00305MH1973PLC174201

ALKEM VISION

To achieve value driven leadership in Indian Health Care Industry and beyond...
Through
Quality that is infinite
Service that cares
Hardwork that endures

5th August, 2016

The Corporate Relationship Department **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. ***Scrip Code: 539523***	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra East , Mumbai 400 051. ***Scrip Symbol: ALKEM***

Sub: 42nd Annual General Meeting of Alkem Laboratories Limited

Dear Sir,

Please find attached herewith the copy of the Notice of the 42nd Annual General Meeting of the Company to be held on Friday, 2nd September, 2016 at 10.30 a.m. at Nehru Centre Auditorium Dr. Annie Besant Road, Worli, Mumbai – 400018 along with the Annual Report of the Company for the financial year 2015-2016.

The same is also available on the website of the Company at www.alkemlabs.com

Kindly take the same on record.

Thanking you

Sincerely,

For **Alkem Laboratories Limited**

Manish Narang
President Legal, Company Secretary & Compliance Officer

Encl: a/a

ALKEM

2015-16
ANNUAL REPORT

Strong in Our Core Market

Expanding to Newer Ones

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Net Revenue

₹ 49,915 million

EBITDA

₹ 8,482 million

PAT

₹ 6,731 million

Earnings per share

₹ 56.3

Strong in Our Core Market. Expanding to Newer Ones.

Growth and consolidation are business imperatives that are achieved as a result of conscious and persistent strategy. More often than not, companies that are able to step out of their comfort zone while retaining their hold over captive markets are the ones that succeed in the long-term.

We believe that the path to value-creation is twofold. On the one hand, we continue to focus on consolidating our presence in India and introducing newer products consistently, while improving the breadth and depth of our reach. We are consistently ranked among the top-ten pharma companies in India with a strong portfolio of 700 brands across multiple therapies, in many of which we are leaders. We have an in-depth coverage across the country through a well-built sales & distribution network and a long-standing trust & relationship with the prescribers.

On the other, we are focusing on growing our presence in the high-value US market with a unique set of products, and also growing our footprint in emerging markets at the same time. We are doing this through both organic and inorganic routes, and developing a strong local presence in our markets of choice.

This dual strategy will allow us to leverage our expertise and strength across geographies.

In this, our maiden post-IPO annual report, we present the story of our focus on India and how we are growing from strength to strength in international markets.

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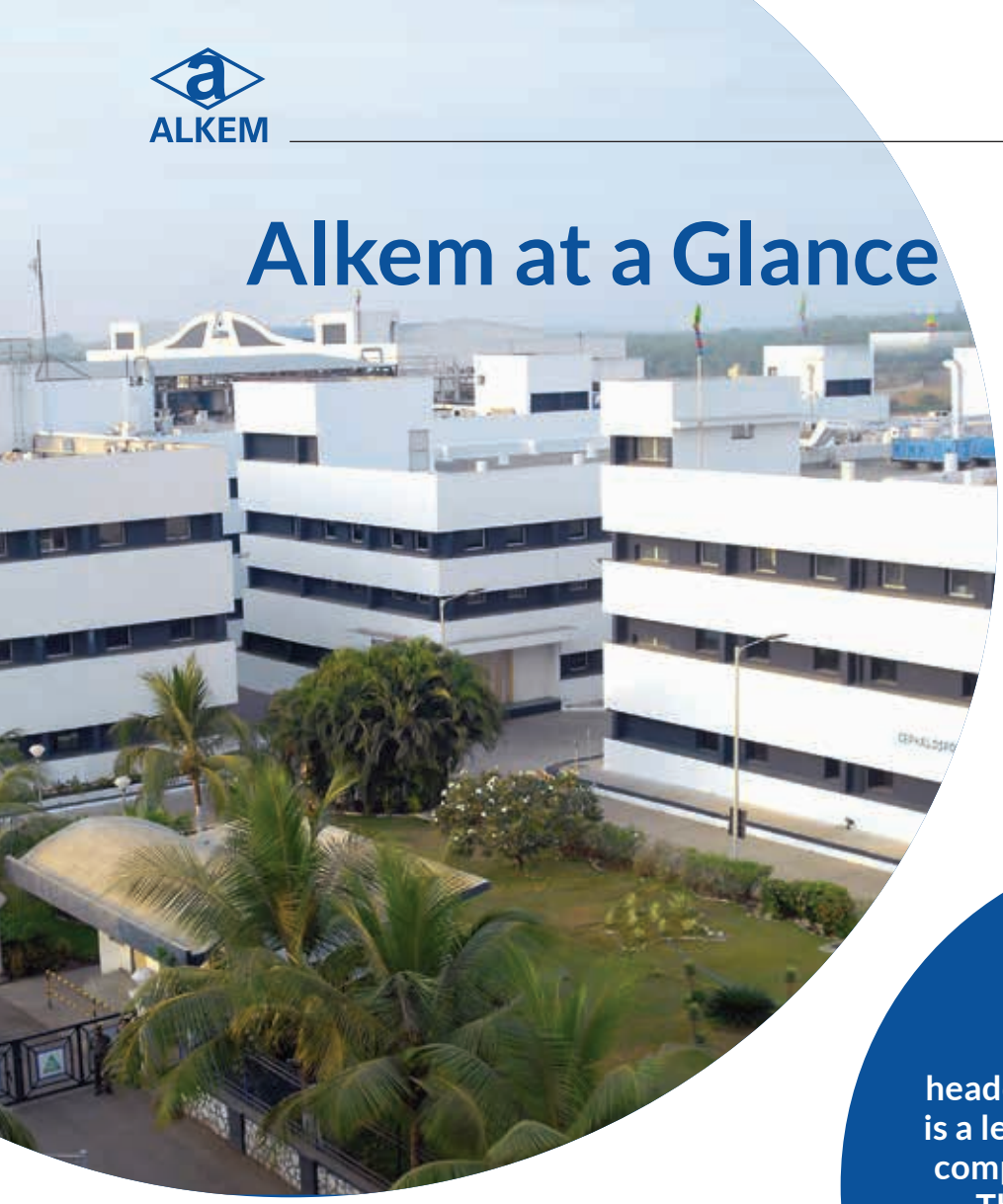
Alkem at a Glance



Established in 1973 and headquartered in Mumbai, Alkem is a leading Indian pharmaceutical company with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products.

The Company produces branded generics, generic drugs, active pharmaceutical ingredients (APIs) and nutraceuticals, which it markets in India and over 50 countries globally, with the United States being the key focus International market. Company's pharmaceutical business is organised into domestic (i.e. India) and international operations; the former accounting for 72.5% of net consolidated operating revenues in financial year 2016 and the latter for the remaining 27.5%. With a portfolio of over 700 brands in India, Alkem have been ranked among the top ten pharmaceutical companies in India in terms of domestic sales for the past 13 years (Source: IMS Health). Company's products are also sold in international markets either directly through its subsidiaries or indirectly, through supply, distribution and other arrangements with various global companies and local distributors.

The Company has 16 manufacturing facilities at strategic locations - 14 are in India, and the remaining two in the US. Six of its facilities are USFDA approved. The Company also has strong Research and Development (R&D) capabilities with over 500 scientists working across its four globally located R&D facilities.

On December 23, 2015, the Company successfully completed its Initial Public Offering (IPO) and its equity shares were listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The issue saw a robust response across investor categories and was overall subscribed to the extent of 44.29 times. This was the largest ever demand generation by a pharmaceutical company in India through IPO/QIP.

Milestones

Year	Event
1973	Alkem Laboratories Limited was incorporated.
1978	Established its first plant at Taloja, Mumbai.
1992	Established manufacturing facility in Mandva, Gujarat. This facility was converted into an API facility in 2005.
2003	Set up research and development facility for ANDA development at Taloja, Maharashtra.
2006	Company's anti-infective brand, Taxim became the first anti-infective drug in the Indian pharmaceutical industry to cross ₹ 1,000 mn in terms of domestic sales in India. (Source: IMS Health)
2007	Filed its first ANDA in the US for the drug Amlodipine.
2009	Received its first ANDA approval in the US for Amlodipine.
	Acquired Pharmacor Pty Ltd., a generic pharma company in Australia.
2010	Acquired Ascend Laboratories, a generic marketing company in the US.
2011	Acquired Enzene, a company engaged in the development of biosimilars in India.
2012	Acquired an API Manufacturing facility in the US.
2014	Acquired the "Clindac-A" brand in India from Galderma S.A.
	Company's anti-infective brand, Clavam crossed ₹ 2,000 million in terms of domestic sales in India. (Source: IMS Health)
2015	Acquired a formulation manufacturing facility in the US.
	Acquired 51% controlling stake in Indchemie Health Specialities Private Limited and Cachet Pharmaceutical Private Limited.
	Successfully completed Initial Public Offering.

Vision

To achieve value driven leadership in Indian Health Care Industry and beyond.

Through:

- Quality that is infinite
- Service that cares
- Hardwork that endures

Stock Details

₹ 1,62,184*mn Market capitalisation

₹ 1,366.50* (Closing market price)Bombay Stock Exchange

₹ 1,356.45* (Closing market price) National Stock Exchange

₹ 12.7/share Interim dividend (Face value ₹ 2)

66.78%* Promoter and Promoter Group Holding

*As of 31 March, 2016

Global Presence

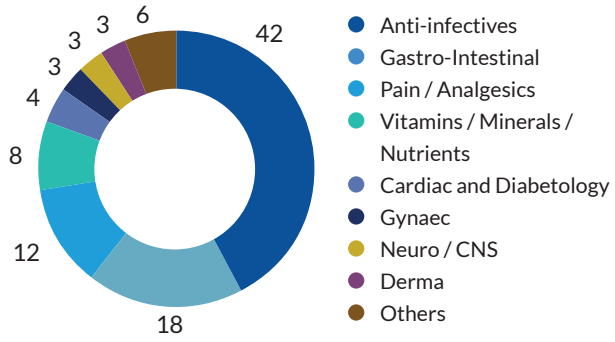
The Company produces branded generics, generic drugs, active pharmaceutical ingredients (APIs) and nutraceuticals, which it markets in India and over 50 countries globally.

Angola
Burkina Faso
Germany
Myanmar
Tanzania
Zambia
Kuwait
Cameroon
Guinea
Netherlands
Thailand
Slovenia
Chile
India
Nigeria
Togo
Venezuela
Colombia
Iraq
North Korea
UAE
Singapore
Cote d'Ivoire
Jamaica
Peru
Uganda
Afghanistan
Cyprus
Kazakhstan
Philippines
Ukraine
Australia
Dominican Republic
Kenya
Poland
United Kingdom
Azerbaijan
Ethiopia
Malaysia
Russian Fed.
USA
Benin
Gabon
Mali
South Africa
Vietnam
Botswana
Georgia
Mongolia
Sri Lanka
South Korea

Key Therapeutic Areas and Brands in Domestic Market

The Company's domestic operations are divided into various therapeutic areas. The Established Therapies comprise anti-infectives, gastro-intestinal, pain and analgesics, and vitamins, minerals and nutrients, which together constitutes about 80% of the Company's total domestic sales. The Emerging Therapies of the Company comprise neuro/CNS, derma, cardiac and anti-diabetes. The Company is also present in respiratory and gynaecology amongst other therapeutic areas.

Company's Therapeutic Breakup in Domestic Market (%)



(Source: IMS SSA MAT March 2016)

Anti-infectives (₹ 113 billion* market size in India)

Anti-infectives fight against infection caused by micro-organisms such as bacteria, viruses and parasites. They function by inhibiting the growth of the micro-organism or by killing the micro-organisms. The Company's anti-infectives portfolio includes therapeutic classes such as penicillins, cephalosporins, macrolides and quinolones.

Anti-infectives is the largest therapeutic area in the pharmaceutical industry in India, and the Company has been ranked number one in terms of revenue in this therapeutic area for the past ten years consistently.

Key Brands	Treatment used for
Clavam	Short term treatment of a wide range of bacterial infections.
Taxim	Variety of infections including pneumonia, urinary tract infections, pelvic inflammatory disease and meningitis.
Taxim-O	Bacterial infections such as respiratory infections and gonorrhoea.
Xone	Bacterial infections such as pneumonia, gonorrhoea, urinary tract infections, pelvic inflammatory disease, meningitis and typhoid.

Gastro-intestinal (₹ 98 billion* market size in India)

Products in the gastro-intestinal category relieve discomfort relating to the stomach and intestines. Company's gastro-intestinal portfolio consists of leading and fast growing molecules such as pantoprazole, omeprazole, domperidone and ondansetron.

Key Brands	Treatment used for
Pan	Erosive esophagitis and other acid peptic disorders.
Pan-D	Gastroesophageal reflux disease; decrease excessive stomach acid & prevent nausea and vomiting.
Ondem	Prevent nausea and vomiting associated with cytotoxic chemotherapy & radiotherapy.
Satrogyl-O	Protozoa infections, liver abscess, giardiasis and trichomoniasis.

Pain/analgesics (₹ 71 billion* market size in India)

Pain and analgesic products help in alleviating pain caused by a variety of ailments. Company's pain and analgesics portfolio consists of anti-rheumatic, non-steroidal anti-inflammatory, anti-osteoporosis and muscle relaxants.

Key Brands	Treatment used for
Gemcal	Prophylaxis and treatment of osteoporosis.
Sumo	Headache, muscle pain & aches and musculo-skeletal pain either on its own or combined with other medications.
Enzoflam	Pain of musculo-skeletal origin.
Sumo-L	Broad range of symptoms, such as headaches, muscle aches, arthritis, backache, toothache, colds and fevers.

Vitamins/minerals/nutrients (₹ 70 billion* market size in India)

Vitamins, minerals, and nutrients provide a source of supplement for sustaining good health. Company's vitamins, minerals, and nutrients portfolio includes multi-vitamins with nutrients, vitamin B12, metabolites, and protein and nutrients supplements.

Key Brands	Treatment used for
A to Z NS	Multi-vitamin and multi-mineral product that is used as a health supplement by doctors for various ailments or as prophylaxis.
Uprise D3	A form of Vitamin D and is prescribed for the treatment of Vitamin D deficiency, which is associated with rickets or used as a nutritional supplement.
A to Z Gold	To improve the general wellbeing of a person suffering from chronic illnesses such as diabetes and cardio-vascular disorders.

Other therapeutic areas

The Company also has a fast-growing portfolio in other therapeutic areas such as neuropsychiatry, cardiology, dermatology, diabetology and oncology. Some of the key brands in these product categories include Olkem, Glucoryl-M, Melbild and Donep.

Key Brands	Treatment used for
Olkem	Hypertension
Glucoryl-M/MV	Diabetes
Donep	Alzheimer's disease
Melbild	Hypo-pigmentation

* (Source: IMS SSA MAT March 2016)

Chairman's Message

Samprada Singh
Chairman Emeritus
Alkem Laboratories Limited

It has always been my conviction that great companies are the products of strong values and a determination to translate those values into tangible outcomes.

Dear Shareholders,

It has always been my conviction that great companies are the products of strong values and a determination to translate those values into tangible outcomes. These iconic companies look beyond industry challenges, market cycles and economic volatilities to bring enduring difference to society. With a great team, we are building such an enterprise at Alkem.

From a very modest beginning in 1973, we have emerged as one of the dominant players in the domestic pharmaceutical landscape; and it is heartening to note that we are reinforcing our footprint on international markets. This achievement was largely made possible by the determination and commitment of our employees who are incessantly pushing the levers of Alkem's progress.

At Alkem, we have created a culture of high performance with a deep commitment, not just to cure, but help people lead a healthy life. This is the quintessential Alkem.

I invite you all to be a part of our journey, as we brace for a lift-off.

Warm regards,

Samprada Singh
Chairman Emeritus
Alkem Laboratories Limited

Executive Chairman's Message

Basudeo N. Singh
Executive Chairman
Alkem Laboratories Limited

Our focus has always been to introduce promising products and convert them into market-leading brands.

Dear Shareholders,

At the beginning, let me thank all our shareholders, who have reposed faith in our capabilities; and I am sure that our journey ahead would be long and fruitful. Your whole-hearted support has made the listing of our shares on the stock exchanges a resounding success. This is a historic occasion, because now we are a bigger family with a much larger number of members, whose guidance and support would be critical to elevate Alkem from a good company to a great one.

For over four decades, we have consistently focused on sharpening our competitive strengths in a rapidly evolving pharmaceutical landscape. When the landscape is changing very fast, it is critical to recalibrate strategies, as we move forward and power our growth engines. Our focus has always been to introduce promising products and convert them into market-leading brands. Our emphasis is on innovation and developing the capabilities of our people in line with industry trends. We will continue to pursue this strategy, going forward.

We have sustained our market leadership in various therapeutic areas. We have a proven track record of building reputable brands in India's pharmaceutical landscape, which remains our core market. We have five brands among the top 50 brands and 14 brands among the top 300 brands in India. Having strengthened our footprint in India, we have forayed into global markets through both organic and inorganic strategies of growth. While the United States remains our key focus market for international operations, we have reinforced our presence in over 50 countries globally.

During the financial year 2016, the Company achieved 33.3% growth in consolidated operating revenues accompanied with a better margin profile. We have also been able to exceed India's pharmaceutical market growth, driven by our leading position in key therapy areas, market share gains and new product launches. It is deeply satisfying for me to share that this growth has been achieved in a rather volatile economic and industry scenario across the world. Our people are the real heroes of Alkem, who have made this stellar performance possible.

Rapid change is a constant reality in the pharmaceutical sector globally. With changing regulatory landscape and intensifying competition, it is imperative for us to learn, adapt and transform at a rapid pace. We view these changes as an opportunity to raise the bar for ourselves and fine-tune our strategies for growth.

We look at last year's achievement as a robust foundation to build the Alkem of tomorrow.
Best regards,

Basudeo N. Singh
Executive Chairman
Alkem Laboratories Limited

CEO's Message

Prabhat Agrawal
Chief Executive Officer
Alkem Laboratories Limited

Financial Year 2016 was an eventful and satisfying year for all of us at Alkem. We achieved positive outcomes on all fronts. We are seeking aggressive growth and are investing in our people, processes, technology and systems.

Dear Shareholders,

Financial Year 2016 was an eventful and satisfying year for all of us at Alkem. We achieved positive outcomes on all fronts. The most important milestone of the year was that our Company got listed on the stock exchanges with the IPO book getting oversubscribed over 40 times. I thank all our shareholders, who have made this possible. The oversubscription reflects the confidence and trust they have over the future potential of our Company. It is both a privilege and a responsibility for us; and we are committed to deliver on their expectations.

We have come a long way, since we began our journey; and I am confident that with a robust business model, globally benchmarked industry practices, lucrative pipeline of products, strategic investments and a dynamic and determined team we are poised to grow significantly in the years ahead.

Promising performance

Operating in a volatile economic scenario, we focused on our key markets and improved our operational performance consistently. This resulted in robust revenues and profits. Our net operating revenues during the year grew by 33.3% with over 500 bps year-on-year improvement in gross margin (improved from 54.8% to 60.7%) and EBITDA margin (improved from 11.3% to 17.0%). I must emphasize in this

context that the margin expansion was a key priority for us for the year as we worked upon various levers to optimise our cost, improve product mix and focus on executional excellence.

We also strengthened our balance sheet and improved our return ratios. The Company generated net cash of ₹ 7,259 million from operating activities during the year. Our RONW increased from 13.1% to 19.2% (21.7% excluding MAT write off) with healthy improvement in our net working capital days. It is pertinent to mention here that we deleveraged our balance sheet; and our gross debt reduced from ₹ 13,059 million in financial year 2015 to ₹ 6,554 million in financial year 2016. We remian a net cash Company.

We outperformed the domestic market by gaining market share in established therapies of anti-infectives, gastro- intestinal, pain/analgesics and vitamins, minerals and nutrients. We have also delivered robust growth in emerging therapies of neuro/CNS, cardiac and anti-diabetic and improved our market ranking.

Another important achievement during the year was that our Company received 12 ANDA approvals in financial year 2016, highest so far in a year by us. In addition, our formulation facility at Baddi in India and API facility at California in the US went through successful inspection from the USFDA. Our API facility at Mandva, Gujarat received USFDA approval, making it our sixth USFDA approved facility. As a part of our inorganic growth strategy, we have also acquired a formulation manufacturing facility in the US to build capabilities in the areas of liquids, semi-solids and nasal sprays, at the same time diversify our manufacturing base.

Undaunted by challenges

As we chart an attractive growth trajectory, it is also important to highlight some of the challenges that we need to deal with in a rapidly evolving business landscape. The Health Ministry of the Government of India has revised its National List of Essential Medicines (NLEM) list. Under the NLEM 2015 list, we now have a higher proportion of our domestic business under the ambit of price control. In addition, the regulator has also announced revision of ceiling prices for some of the formulations which were under NLEM 2013 list; and continue to feature under NLEM 2015 list. While this has impacted the prices of some of our key brands, it has also made our products more price competitive which provides us an opportunity to attain more volumes from price-sensitive markets.

The government through a circular has also prohibited the manufacture, sale and distribution of 344 fixed dose combination (FDC) drugs which has been challenged by various companies including us in the High Court. While a final decision on the matter is awaited, we have put alternate plans in place to mitigate any impact in case the ban is implemented.

R&D initiatives

Finanacial Year 2016 also saw us reinforce our research efforts to enrich our differentiated product portfolio across domestic and international markets; and to enhance ANDA filings in the US. We have in-house capabilities to develop a wide range of dosage forms and APIs, which have a key role in growing our business. Besides, we have also invested in biosimilars to further strengthen our product portfolio and therapy coverage in areas such as oncology, autoimmune disorders and osteoporosis.

Strategic priorities

Going forward, our key priorities comprise:

- Consolidate our leadership position in the India acute segment by driving growth in our mega brands and growing our prescriber base
- Increase our market share in the India chronic segment through expanding our prescriber base and new product introductions
- Improve our field force productivity through Sales Force Effectiveness (SFE) initiatives
- Continued focus on R&D to accelerate ANDA filings for the US markets and develop differentiated portfolio for our key focused markets
- Seek strategic partnerships and collaborations to enhance our capabilities and products portfolio for key focused markets

Way forward

We are seeking aggressive growth and are investing in our people, processes, technology and systems. We are focusing on promising markets, complementary products and therapies to leverage on our existing strengths.

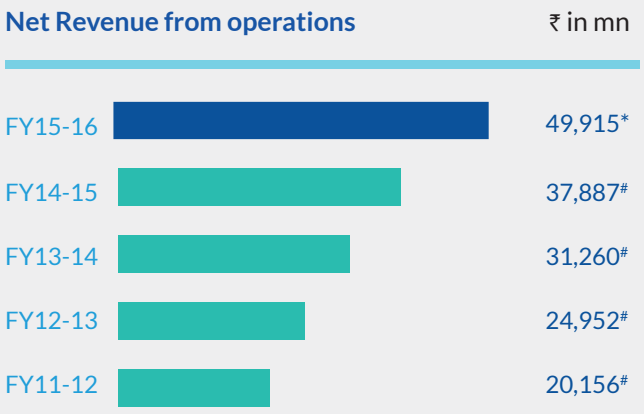
At Alkem, we are building a future-ready and an agile company, with a robust risk governance framework. We have the assets, talent and innovations to build a great value-generating enterprise for all those who have a stake in our progress.

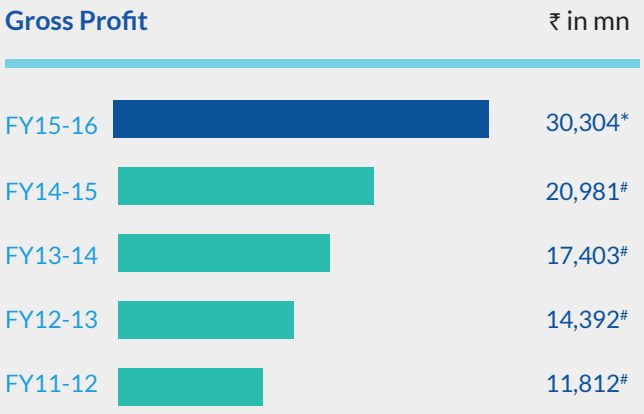
Best regards,

Prabhat Agrawal
Chief Executive Officer
Alkem Laboratories Limited

Key Financial Highlights

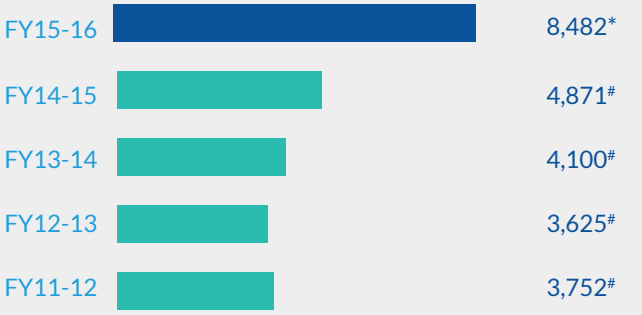
The Company got listed on the NSE and the BSE in December 2015 with its IPO book getting subscribed over 40 times. For the year under review, the Company had a profitable growth with consolidated net operating revenues growing by 33.3% and gross margin and EBITDA margin expanding by more than 500bps year-on-year. The Company also maintained a healthy balance sheet with net cash generation from operating activities of ₹ 7,259 mn during the year.





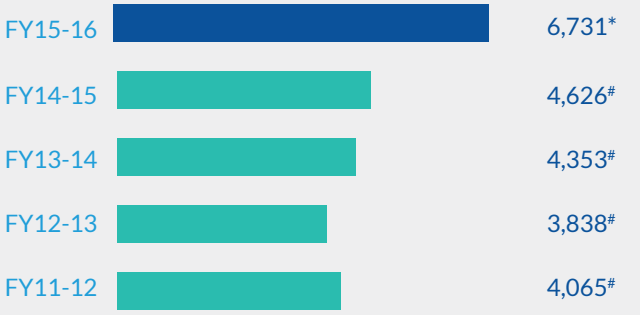
EBITDA

₹ in mn



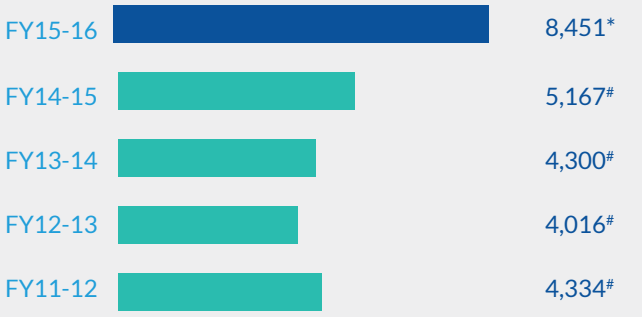
Reported PAT (After Minority Interest)

₹ in mn



Profit before tax (Before Minority Interest)

₹ in mn



*Reported numbers

#Restated numbers as reported in the Prospectus

Strong Brand Building Capabilities

Company's established record of consistent performance and reputation for quality products in various therapeutic areas has helped it build reputable brands in the Indian pharmaceutical market. It has been among the top 10 pharmaceutical companies in India in terms of domestic sales for more than 13 years.

CLAVAM
XONE ONDEM
Gemcal
PAN-D
Glucoryl-M_1 & M_2
TAXIM Swich
PAN40 AZ
Donep SUMO
TAXIM-O
Uprise-D_3
MELBILD

Market leadership position in domestic market

In financial year 2016 the Company ranked as the fifth largest pharmaceutical company in India in terms of domestic sales. The Company was also the third-fastest growing company among the ten largest pharmaceutical companies in the Indian domestic formulations market, in terms of year-on-year sales growth for financial year 2016.

During the year under review, the Company maintained its number one rank in the therapeutic area of anti-infectives with a market share of 11.6%. It was also ranked among the top three companies in the gastro-intestinal and pain/analgesics therapeutic areas with market share in excess of 5%. The Company also features among the top five companies in the therapeutics area of vitamins, minerals, and nutrients in terms of Indian market share for financial year 2016.

5th largest
The Company's ranking in terms of domestic sales in financial year 2016.

(Source: IMS Health)

Company's rank and market share in key therapies:

Therapeutic Areas	Rank	Market Share (FY 2016)
Anti-infectives	1st	11.6%
Gastro intestinal	3rd	5.7%
Pain/Analgesics	3rd	5.1%
Vitamins/Minerals/Nutrients	5th	3.7%

- Pan, Pan D, Taxim, Gemcal, Sumo are ranked No. 1 in their respective molecules
- Clavam, Taxim-O, Xone are ranked No. 2 in their respective molecules

Company's leading brands

Proven ability to build market-leading brands

The Company has had a proven record to build market-leading brands. During financial year 2016, five of the Company's brands were among the top 50 brands and 14 brands were among the top 300 brands in the Indian pharmaceutical industry. Also five of the Company's brands have clocked ₹ 1,500 million and above in sales for financial year 2016.

Company's key brands in various sales ranges are as follows:

Name of Brands	Annual Sales Range (₹ mn)
Clavam	Above 2,000
Pan, Pan D, Taxim, Taxim-O	1,500 – 1,999
Gemcal, A to Z NS, Sumo, Ondem, Xone, Swich, Zocef	500 – 1,499
Xone-XP, Pipzo, Hemfer, Uprise-D3, Traxol, Cheri, Enzoflam, Taximax, Indclav, Traxol-S	250 – 499

(Source: IMS SSA MAT March 2016)

Strong Manufacturing and R&D Capabilities

Geographically diversified manufacturing facilities accredited by international regulatory agencies

The Company has 16 manufacturing facilities at strategic locations, 14 in India and 2 in the US. Six of its facilities are USFDA approved. Some of the Company's manufacturing plants enjoy fiscal benefits that are available for different periods. The Company has capabilities in manufacturing a wide range of dosage forms including tablets, semi-solids, liquids, capsules, dry syrups, injectables, nasal preparations and APIs.

Alkem logo - synonymous with global quality standards

The Company maintains a strong quality conscious culture and incorporates this culture across its operations. Most of its facilities have received global accreditations. Each of the Company's manufacturing facilities has separate quality control units to monitor the quality, safety and efficacy of its products in the domestic and export markets. The Company performs periodic reviews of systems, practices and documentations across its manufacturing facilities through regular audits.

All products are subjected to extensive stability testing programmes to understand the real product behaviour during shelf life. The Company also monitors in-market product quality through annual product quality review mechanisms.

The Company has maintained a clean regulatory compliance history – It successfully completed USFDA inspection in 2015 and 2016 of formulation facility at Baddi and API facilities at Mandva (Gujarat) and California (US).

Manufacturing Facilities

Facility	No. of Facilities	Manufacturing Capabilities	Major Certifications and approvals	Geographical Focus
Baddi, India	4	Capsules, Tablets, Injectables, Dry Syrups	USFDA, UK-MHRA, WHO-GMP	India and global markets
Sikkim, India	3	Tablets, Injectables, Dry Syrups	WHO-GMP	India
Daman, India	5	Capsules, Tablets, Injectables, Dry Syrups	USFDA, UK-MHRA, Indian GMP	India and global markets
Mandva, India	1	APIs	Indian GMP, USFDA	India, US
Ankaleshwar, India	1	APIs	Indian-GMP, USFDA, TGA-Australia	US
California, United States	1	APIs	USFDA	US
St. Louis (Missouri), United States	1	Controled Substances, Liquids, Nasal Sprays, Semi-Solids and Solids	USFDA	US

R&D at Taloja facility, Maharashtra

The Company have identified biosimilars as a long-term growth opportunity and have made, and expect to continue to make investments in development of products with a focus on high-growth therapeutic areas such as oncology, autoimmune disorders and osteoporosis.

R&D – A core part of the growth strategy

The Company has four research and development facilities, two in India and two in the United States. The research and development department carries out process development, formulation development and analytical research for its domestic and international markets. The Company also has more than 500 scientists working on various drug products and substances in India and the United States. The Company has a strong pipeline of products under development for its focus markets.

Clinical Research / Unit

The Company has a 100-bed clinical research facility where it conducts bioequivalence and bioavailability studies on healthy volunteers to prove the effectiveness of developed formulations relative to reference products in accordance with the regulatory guidelines of various regulatory agencies. This facility has been audited by the USFDA, UK-MHRA and other regulatory agencies

Robust pipeline of approvals and fillings

The Company also has a regulatory affairs team, which is responsible for various filings and approvals related to its products in India and international markets. Further, the company also has an Intellectual property (IP) group that looks after patent filing, patent prosecution, design filing, infringement analysis and patent litigations for the global markets.

	Filed*	Approved*
US (ANDA)	76	30
US (NDA)	1	1
Australia	24	21
Phillippines (Dossiers for each strength)	58	51
Chile (Dossiers for each strength)	144	106
Kazakhstan (Dossiers for each strength)	55	53

The Company also has filed more than 1,400 dossiers across other international markets with more than 800 approvals
* As of March 31, 2016

Extensive Sales Network and Distribution Infrastructure

The Company has built a strong prescription base on the back of extensive sales and distribution network across the country. Company's marketing strategies, trained medical representatives and distribution network has enabled it to increase its market share across key therapeutic areas and build & grow its brands.

08
Central Warehouses

>7,000
Stockists

49
C&F Agents

19
Consignees

40
Sales Depots

~6,000
Medical representatives

The Company has a strong sales, marketing and distribution capabilities in India, comprising about 6,000 medical representatives, 40 sales depots, 49 clearing and forwarding agents, 19 consignees and eight central warehouses covering over 7,000 stockists. Its products are also marketed to various hospitals, government institutions and medical institutions. Company's domestic business is divided into 19 marketing divisions, which formulate marketing and promotional strategies for their portfolio of products targeted towards specific therapeutic areas.

Company's medical representatives frequently visit the prescribers to promote its product portfolio and pharmacies and distributors to ensure that brands are adequately stocked.

Well-integrated IT infrastructure

The Company's information technology systems are integrated with its sales and distribution infrastructure enabling it to standardise its processes, reduce cost, enhance productivity, improve workflow and communications and improve its risk control mechanisms. The Company has implemented:

- SAP, which handles all its sales and distribution transactions, demand planning and sales forecasting process;
- Barcode technology at its warehouses and depots to maximise accuracy and efficiency in stock handling;
- Sales force automation tools to make its sales staff more productive.

Growing International Business

United States

The United States is the key focus market for the international operations. The Company markets and sells its products in the United States under the brand 'Ascend' to major pharmacy chains' stores, wholesalers, managed care companies, distributors, food and grocery stores and pharmaceutical retailers. As of March 31, 2016, Ascend sold 19 molecules in the market, out of which 14 are its own molecules and five are in-licensed from third parties. The Company also has a portfolio of about 50 ANDAs which are pending for approval with USFDA. Further, the Company owns two manufacturing and two R&D facilities in the US, that it believes provides it with the

Having established itself in the Indian pharmaceuticals market, the Company is also expanding internationally through both organic growth and strategic acquisitions. The Company is growing its operations by creating strong local presence and expertise.

infrastructure required to support the growth in its operations in the US.

Other International Markets

In addition to the US, Company's products are also sold in more than 50 international markets like Australia, Europe, South East Asia, Latin America, Africa and CIS. Company's key markets include Australia, Chile, Philippines, and Kazakhstan.

Australia:

In Australia, Company's pharmaceutical operations are run through its subsidiary, Pharmacor Pty Ltd (which it acquired in 2009). Pharmacor Pty Ltd has a portfolio of approximately 100 products including one recently launched exclusive generic product. Pharmacor has a dedicated sales and marketing team that covers customers across the country.

Chile:

The Company operates in Chile through Ascend Laboratories SpA, its operating, sales and marketing subsidiary. The Company currently sells 15 molecules and 49 SKUs. It has fully developed regulatory, commercial, sales and marketing infrastructure in Chile and use third parties for warehousing and logistics.

Philippines:

The Company operates in Philippines through its subsidiary, Alkem Laboratories Corporation. It has a countrywide presence in Philippines, and covers doctors, hospitals, pharmacies and institutional accounts. The Company offers branded generics products catering to diverse therapeutic segments.

Kazakhstan:

The Company operates in Kazakhstan through its operating subsidiary, The Pharma Network (TPN). It covers most of the high potential areas of Kazakhstan through its own field force. The Company offers branded generics catering to polyclinics as well as hospitals and also has a portfolio of branded generics.

Evolution of the Company's International business

Year	Timeline of international expansion
2007	The Company filed its first ANDA in the US for the drug Amlodipine
2009	Received its first ANDA approval in the US for Amlodipine
	Acquired a majority stake in an Australian company, Pharmacor Pty Ltd (Pharmacor) to enable it to enter the Australian Market
2010	Acquired ThePharmanetwork LLC in the US, the holding company of Ascend, which provided the Company with the commercial platform through which it is able to market and sell its portfolio of products in the United States
2012	Acquired manufacturing assets from NORAC, Inc. in the US, focused primarily on R&D and manufacturing specialty APIs and providing contract research and manufacturing services
2015	Acquired a formulation manufacturing facility from Long Pharmaceuticals LLC in the United States that has semi-solids, liquid, nasal formulation and controlled substances manufacturing capabilities

In addition to strategic acquisition, the Company has also entered into partnership agreements for out-licensing and in-licensing products.

The Company has relationships with various pharmaceutical companies in several countries. In particular, the Company has been growing its operations in Germany, Central and Eastern Europe, Vietnam, Colombia and South Africa through its relationships with established pharmaceutical companies in these countries. In these markets, the Company typically registers a product under its name and thereafter out-license to one or more of the established companies to leverage their marketing infrastructure and capabilities in these markets. The Company also continues to own the registration and associated intellectual property with the product.

The People Edge

Alkem is committed to provide an enriching career path, collaborative and autonomous work environment to attract, retain, and develop the best-in-class talent. Its people are its strongest assets. The Company is committed to build the best-in-class team led by exceptional individuals to build a globally respected organisation.

As of March 31, 2016 the Company had a total employee strength of over 13,000 across its domestic and international operations.

The human resource capability of Alkem is the golden eye of the Company, driven by exceptional passion and a deep ingrained commitment to deliver nothing but the best. Towards this goal, is the environment provided by the Company to learn and apply the business concepts in its day-to-day practice. This on-going application is what enriches the Company in being a learning organisation and helps it better delivery quality.

The Company has a well thought out incentive plan, which not only motivates its executives to implement the growth strategies but also increase their overall earning potential leading to greater engagement and employee satisfaction. The Company believes in the following three fundamentals of Self Respect, Dignity and Personal Pride. This brings about an innate motivation to each and every employee to give their best to the organisation.

Learning & Development Initiatives at Alkem

Programmes for MEs (Marketing Executives)

Capsule Induction Programme (CIP) – A comprehensive Programme for newly joined Marketing Executive (ME), which happens at Zonal Level with an objective of preparing them for immediate field readiness. This programme covers basic product understanding, product detailing, competitor knowledge, reporting and administrative knowledge.

Basic Training Programme – A 2-3 weeks long programme conducted for MEs completing CIP within months of joining. This programme happens at centralised location with an objective of building knowledge, skills and attitude for on the job performance.

Refresher Programmes – This programme is conducted for MEs who have been there for more than 12 months in the Company with an objective of knowledge updation, skill enhancement, advanced selling skills, behavioural training and performance attitude.

Programmes for Managers

Manager Orientation Programme – This programme is conducted for newly promoted/ joined Managers with the following objectives:

- Role understanding
- Knowledge of management fundamentals
- People management skills
- Practice and skill development for new role

Star Awards

Manager Development Programme –
A 3 days programme for existing managers designed to cater to their specific divisional needs.

Team Building Workshop –
This is a need-based programme undertaken with the objective of encouraging team cohesion and team performance.

Outbound Training –
Another need-based programme conducted with the objective of creating behavioural awareness and team development.

Supervisory Skills (Plant) –
The programme aims to provide role clarity and enhance skills of Supervisors.

MDP at the Corporate Level

MDP programme has been initiated for high potential executives who have a strong desire to learn so that they can improve and think differently. This helps them in keeping abreast of the latest concepts, ideas, tools and techniques in general management as well as in different functional areas ensuring that the right talent pool is created for future leadership positions.

This year many of the senior and high potential executives of the Company participated in the MDP programme, which was conducted by The Indian Institute of Management, Ahmedabad (IIMA).

Star Awards

Star Awards is a platform where the Company recognises its best performers and incentivise them by taking them for a fully paid international recreational trip. The employees are carefully chosen after robust selection process and are awarded at the eagerly awaited Star Awards Night.

Other HR initiatives

- Sponsored certification programs for employees – To enhance competitive edge of the employees.
- Alkem Service Awards – To show gratitude to the committed team members.
- Applaud Awards – Recognising and rewarding the contribution of the Brand Management teams.
- IJP (Internal Job Posting) - An advanced internal job posting portal to give employees opportunities to move between departments, locations and functions taking into account their long term career aspirations and growth.

Board of Directors

FROM LEFT TO RIGHT

Sitting: Mr. Mangaldas Chhaganlal Shah, Mr. Arun Kumar Purwar, Mr. Samprada Singh, Mr. Basudeo N. Singh, Ms. Sudha Ravi and Ms. Sangeeta Singh

Standing: Mr. Akhouri Maheshwar Prasad, Mr. Balmiki Prasad Singh, Mr. Dhananjay Kumar Singh, Mr. Ranjal Laxmana Shenoy, Mr. Mritunjay Kumar Singh and Mr. Sandeep Singh

Mr. Samprada Singh, Chairman Emeritus

Mr. Samprada Singh has served on the Board since incorporation. He is a respected professional in the Indian pharmaceutical industry having an overall experience of 42 years. He is one of the co-founders of the Company. He has received various prestigious awards such as the 'Life Time Achievement Award' by Pharma Business and Technology in 2000, the 'Lifetime Achievement Award' at the Pharmaceutical Leadership Summit 2009, 'Asian Grid Leadership Lifetime Achievement Award 2006', the 'Life Time Contribution Award' by the Express Pharma Excellence Awards in 2004 and 'Lifetime Achievement Award' at the 2nd Annual AWACS Awards in Marketing Excellence, 2015. He has also been bestowed with the 'Pride of Bihar' award at the Bihar Healthcare Achievers Awards 2014.

Mr. Basudeo N. Singh, Executive Chairman

Mr. Basudeo N. Singh is the co-founder of the Company and has served on the Board since its incorporation. He has over 40 years of experience in the Indian pharmaceutical industry. He was the president of the Indian Drug Manufacturer's Association for the period 2007 - 2009. He is also the president of a social organisation called the 'Bihar Association'. He has received Business Leader of the Year 2014 award in the 7th Annual Pharmaceutical Leadership Summit and Pharmaleaders Business Leadership Awards 2014.

Mr. Dhananjay Kumar Singh, Joint Managing Director

Mr. Dhananjay Kumar Singh joined the Board in the year 1988 and at present he is the Joint Managing Director of the Company. He has over 30 years of experience in the Indian pharmaceutical industry.

Mr. Sandeep Singh, Joint Managing Director

Mr. Sandeep Singh joined the Board in the year 2013 and at present he is the Joint Managing Director of the Company. He has been associated with the management of the Company for over 10 years.

Mr. Balmiki Prasad Singh, Executive Director

Mr. Balmiki Prasad Singh joined the Board in the year 1988. Prior to being appointed to the Board he was employed with the Company in various capacities. He has over 30 years of experience in the Indian pharmaceutical industry.

Mr. Mritunjay Kumar Singh, Executive Director

Mr. Mritunjay Kumar Singh joined the Board in the year 1988 and he has been associated with the management of the Company for a period over 24 years. He is also the Managing Director of Indchemie Health Specialities Private Limited, subsidiary of the Company.

Mr. Mangaldas Chhaganlal Shah, Independent Director

Mr. Mangaldas Chhaganlal Shah has over 50 years of experience as a practicing lawyer with the Bombay High Court.

Mr. Akhouri Maheshwar Prasad, Independent Director

Mr. Akhouri Maheshwar Prasad has retired from the Indian Revenue Service after serving the Government of India for a period of 37 years. He has held several key positions in the Government including Special Secretary to the Government of India and Director General, Central Economic Intelligence Bureau, Member of the Central Board of Excise and Customs, Chief Commissioner, Central Excise and Customs, Maharashtra.

Mr. Ranjal Laxmana Shenoy, Independent Director

Mr. Ranjal Laxmana Shenoy has over 30 years of working experience with companies in different industrial segments, including the position of Whole Time Director- Finance and Legal and Company Secretary, in Merck Limited, India, (formerly known as E. Merck (India) Limited).

Mr. Arun Kumar Purwar, Independent Director

Mr. Arun Kumar Purwar has in the past served as the Chairman of State Bank of India from November 2002 to May 2006. He was the Chairman of Indian Bank Association during the year 2005-06. He has received various prestigious awards such as the 'CEO of the year' Award from the Institute of Technology and Management in 2004, 'Outstanding Achiever of the year' Award from the Indian Banks' Association in 2004 and "Finance Man of the Year" Award from the Bombay Management Association in 2006.

Ms. Sudha Ravi, Independent Director

Ms. Sudha Ravi has over 30 years of experience across banking and financial services and is currently an Executive Director (not on board) of Piramal Fund Management Private Limited and Piramal Finance Private Limited. Prior to joining Piramal Fund Management Private Limited she has spent more than 30 years at State Bank of India. She was part of the senior management team at State Bank of India and has held the posts of General Manager- Enterprise Risk Management at the Corporate Office, as Representative-Regional Office, Washington D.C. U.S.A. and as Deputy General Manager and Private Secretary at the Chairman's Secretariat at State Bank of India. She is also the Chairperson of ASSOCHAM National Council of Non-Banking Financial Companies.

Ms. Sangeeta Singh, Independent Director

Ms. Sangeeta Singh has previously served as an Executive Director in KPMG in the capacity of Head of Human Resource for India from August 2007 to February 2013.

Awards and Accolades

2002 | Awarded the Pharma Business and Technology Excellence Award in 2002 as 'India's Most Esteemed Pharmaceutical Company'

2004 | Product Taxim was awarded the Pharma Business and Technology Excellence Award for successful brand in 2004

2005 | Awarded the Overall Performance Award for Group B at the 5th Express Pharma Awards in 2005

2009 | Received a certificate of appreciation for outstanding export performance in the category of formulations by the Pharmaceuticals Export Promotion Council of India, supported by Ministry of Commerce and Industry, Government of India

Received the certificate of appreciation in the category of 'Formulation Experts' by the Pharmaceuticals Export Promotion Council of India, supported by Ministry of Commerce and Industry, Government of India

2013 | Awarded the India's most admired pharma company award for 2013 at the 6th Annual Pharmaceutical Leadership Summit in 2013

2014 | Product 'Clavam' was awarded as the 'Brand of the Year' at the AWACS Award, 2014

2015 | Product 'Melbild' was awarded as the 'Emerging Dermatology brand 2015' at the CIMS Award, 2015 and 'Silver Award, New Introduction of the Year, Chronic Category: Top 50 companies' at the AIOCD AWACS Award, 2015

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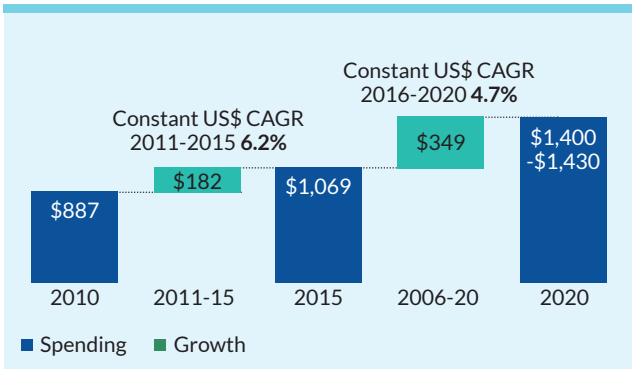
Management Discussion and Analysis

Global Pharmaceutical Industry

The pharmaceutical industry is one of the largest industries in the world and comprises of companies that are involved in the development, production and marketing of pharmaceutical products. The industry has grown at a CAGR of about 6% through 2010 to 2015, crossing $1 trillion in 2015. Moreover, the industry is estimated to grow at 4-7% CAGR between 2015 to 2020 and reach $1.4 trillion by 2020 (Source: IMS Institute for Healthcare Informatics). The volume of globally used medicines is likely to reach 4.5 mn doses by 2020, registering 25% growth over 2015. Over half of the world's population is expected to live in countries where medicine use is expected to exceed one dose per person per day by 2020, up from 31% in 2005. This growth would be primarily driven by rising life expectancy, aging population, rising income levels in the developing markets, better access to medical and diagnostic infrastructure and launch of new drugs to target unmet needs.

Growth in the developed markets would be driven by higher spends on the branded drugs as the use of specialty medicines becomes more widespread. Besides, innovation-led new product launches would further accelerate this growth in the developed markets. In developing markets, also referred to as pharmerging markets, growth would be driven by increasing penetration of medicines on the back of rising income level and improving awareness on healthcare.

Global Spending and Growth, 2010-2020



Source: IMS Health Market Prognosis, September 2015

Note: Growth in 2011-2015 was reduced by $100Bn and in 2016-2020 by $26Bn due to exchange rate effects.

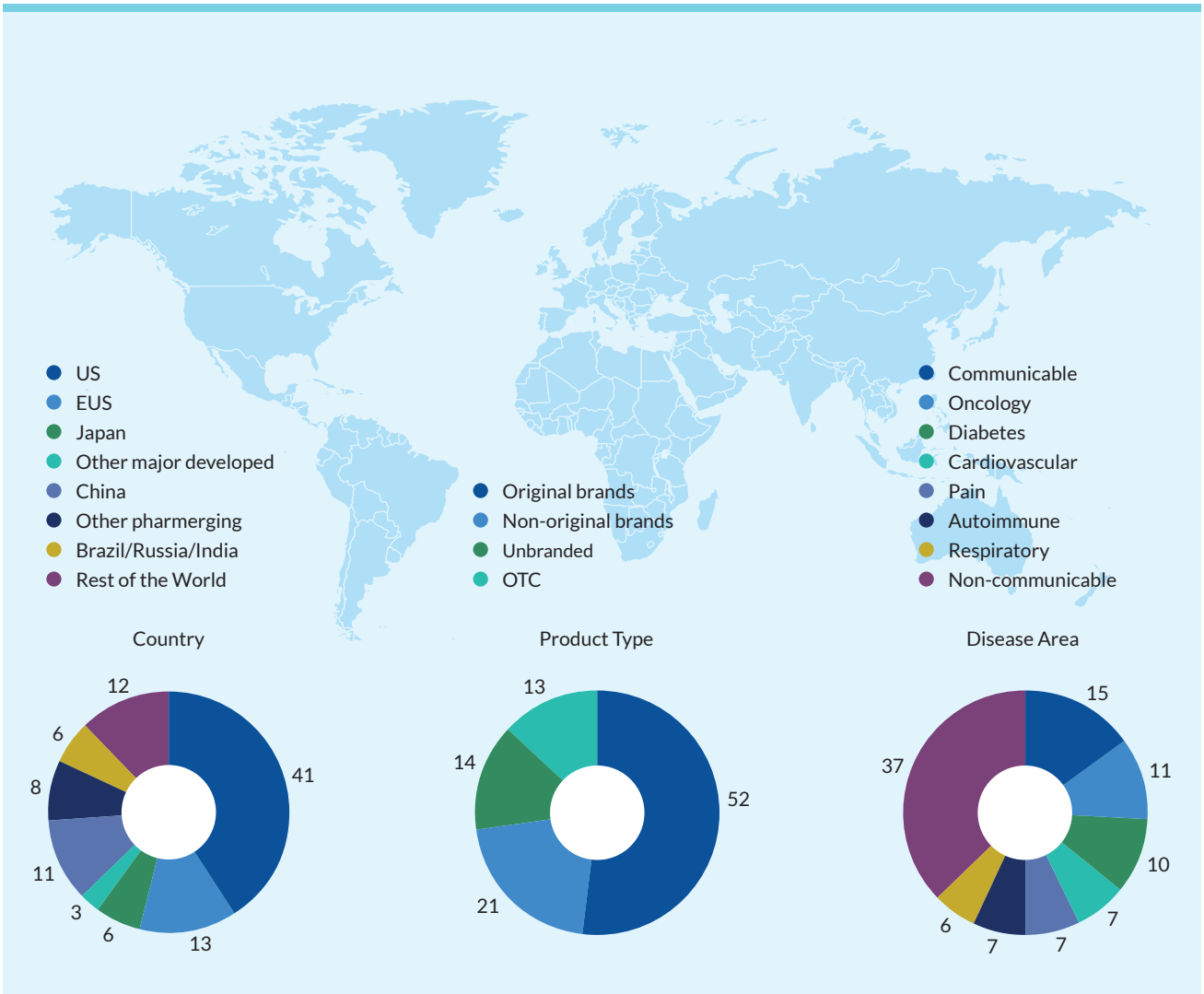
KEY MARKETS

Historically, the global pharmaceuticals industry has been dominated by developed markets like the US, Germany, France, Italy, Spain and the UK (collectively known as 'EU5') and Japan. These markets constitute about 60% of the overall global pharmaceutical market, with the US being the largest with estimated sales of about $400 billion. Growth in the developed market is primarily driven by higher spends on speciality medicines, aging population and launch of innovation-led new drugs to target unmet needs.

Pharmerging markets comprise China, Brazil, India, Russia, South Africa and markets in Latin America, the Middle East and Asia Pacific. At present, these markets constitute only about one-fourth of the overall global pharmaceutical market. However, they are expected to grow at a significantly faster pace compared to the developed markets driven by growing population, rising income levels, better medical infrastructure and improving awareness to healthcare.

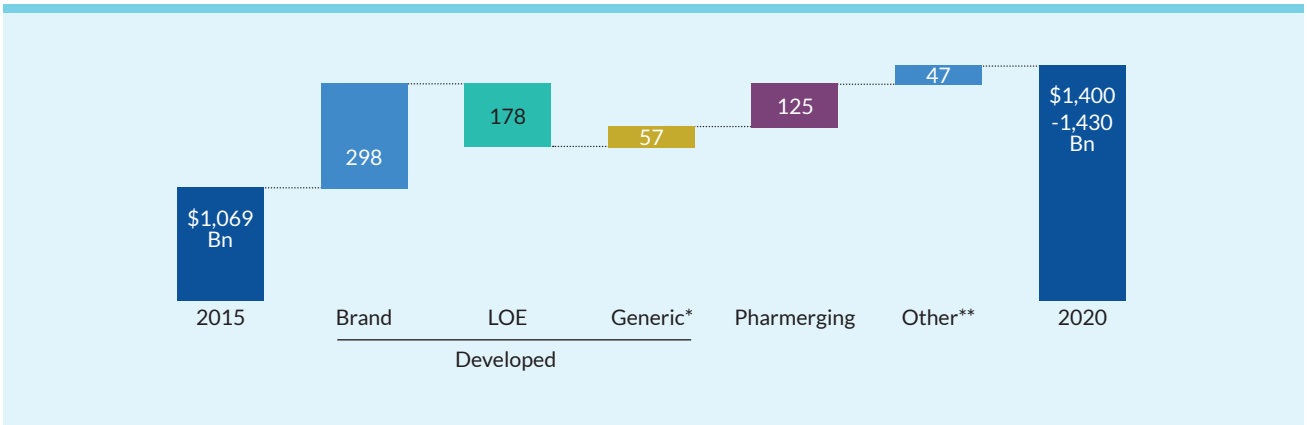
Medicine Spending in 2020 US$ by Geography Product Type and Disease Area

(%)



Source: IMS Health, Market Prognosis, September 2015

Drivers of spending growth 2015-2020 (US$ Bn)



Source: IMS Health, Market Prognosis, September 2015

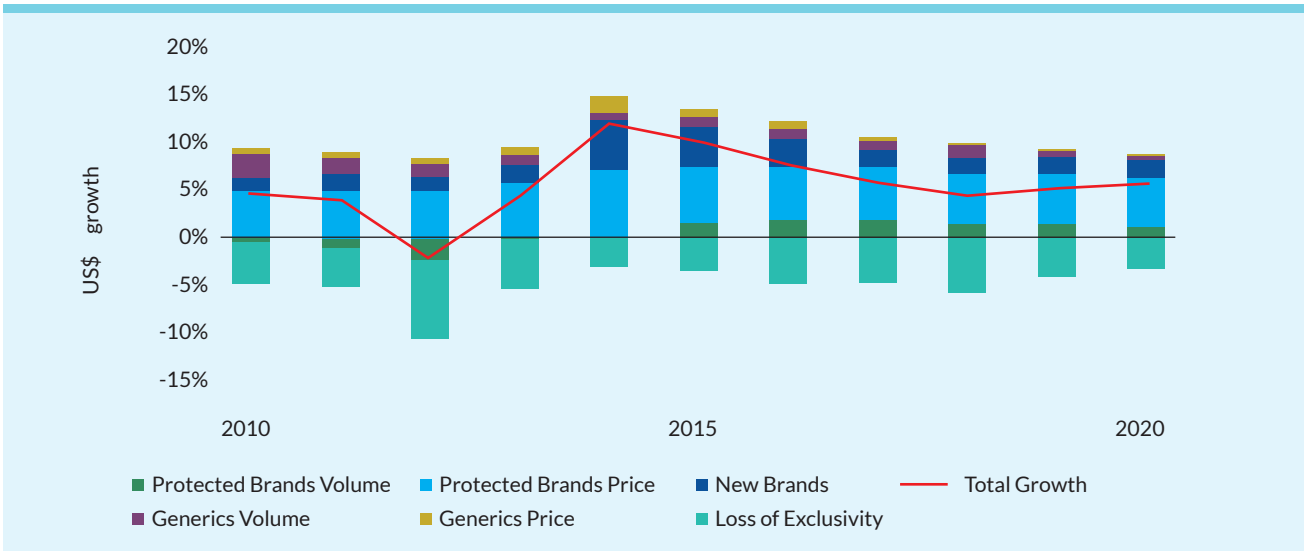
* Generic in developed markets includes Generics +US$ 24 Bn, Non-original Brands +US$ 23 Bn, OTC +US$ 10Bn.
** Other includes Rest of World +US$ 21Bn and exchange rate effects +US$ 26Bn.

DEVELOPED MARKETS

US

US is the largest pharmaceutical market in the world with estimated sales of about $400 billion in 2015. It is expected to grow at a CAGR of 5-8% through 2015 to 2020 and reach $560-590 billion by 2020. The US market can be broadly classified into branded market and generic market with the former constituting sales from patented or branded drugs while the latter comprising sales from off-patent or generic drugs. The US generic market has grown significantly over the past two decades. Generic drugs account for more than 80% of the overall prescriptions in the US by volume and is expected to further rise to over 90% by 2020. The US generic market has become attractive for generic drug manufacturers with continued government initiatives to cut increasing healthcare spending and a higher rate of generic substitution. Most of the leading Indian generic manufacturers now generate nearly half their sales from overseas markets with the US being a major market. Between 2015 and 2017, drugs with estimated total sales of $43.8 billion are expected to go off-patent in the US, providing sizeable opportunity to the generic pharma companies. (Source: IMS Institute for Healthcare Informatics)

U.S. Spending Growth - 2010-2020



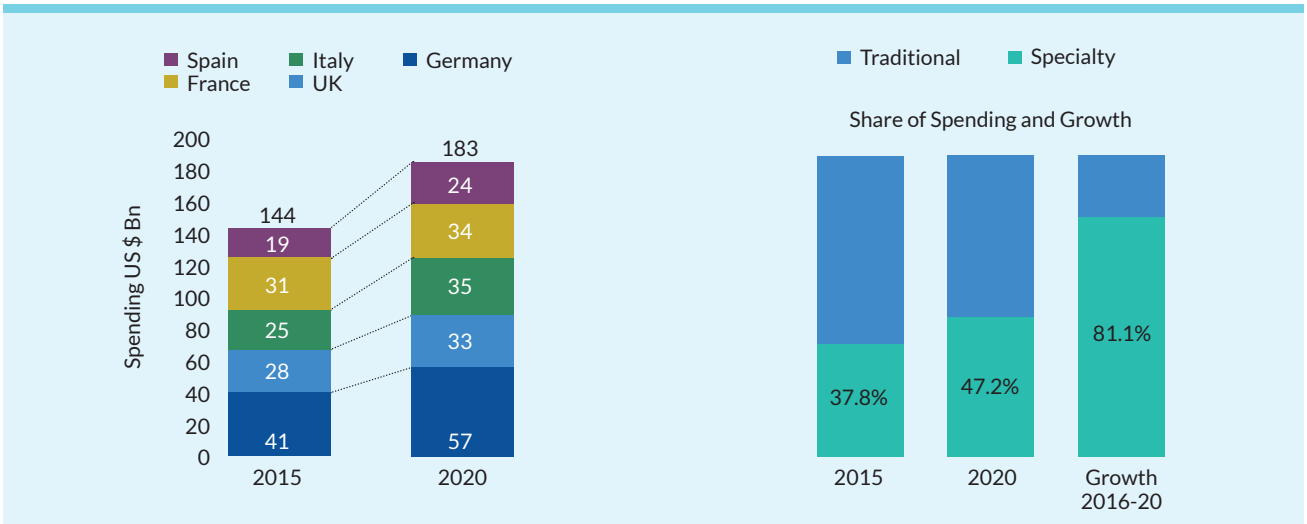
Source: IMS Health, Market Prognosis, IMS Institute for Healthcare Informatics, October 2015

EU5

The top five European markets (Germany, France, Italy, Spain and the U.K.) are expected to spend between $180 and $190 billion in 2020, an increase of $40 billion over 2015. In Europe, the growth would be mixed and inconsistent across markets due to the prevailing economic and geo-political issues in some key European markets. It is putting a pressure on the government to control the overall healthcare budget.

Germany is expected to be the key contributor to growth in Europe with a $16 billion increase, largely a result of wider adoption of innovation, supported by health technology assessments. 81% of the increase in the spending growth in Europe through 2020 is expected to be driven by adoption of specialty medicines.

Top 5 European countries spending - 2015 and 2020 (US$ Bn)



Source: IMS Health, Market Prognosis, IMS Institute for Healthcare Informatics, October 2015

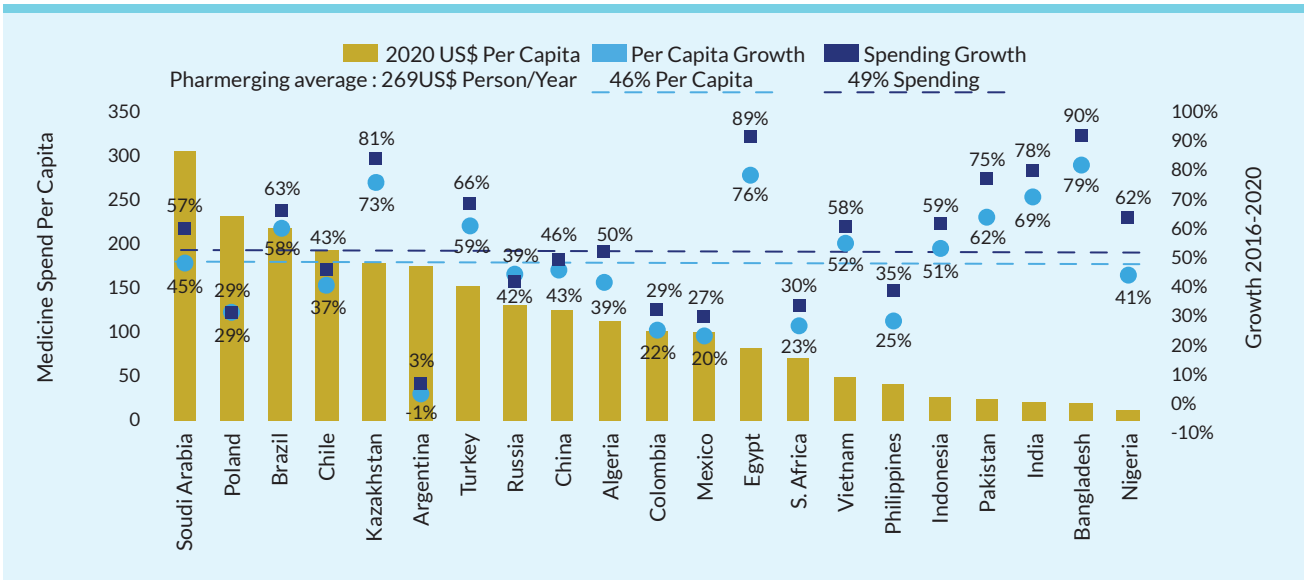
Japan

The Japanese pharmaceutical industry is estimated to be about $100 billion and is expected to grow at a CAGR of 1-4% through 2015 to 2020. This growth would be driven by aging population and government initiatives to encourage penetration of generic drugs. Japan's government recently raised the target for generics use from 60% by the end of April 2018 to 80% by April 2021, as generic penetration is improving. This should provide a sizeable opportunity to the generic pharma companies.

PHARMERGING MARKETS

According to IMS Health, the pharmerging markets constitute about one-fourth of the global pharmaceutical industry. However, they are expected to contribute more than one-third of the incremental sales through 2015 to 2020. Unprecedented rise in health awareness and disposable income, leading to enhanced spending in medicines is the big picture across pharmerging markets. China is the largest market in the group accounting for about 42% of the total pharmerging market value in 2014, followed by Brazil accounting for about 12% and Russia and India accounting for about 6% each. These four markets are forecasted to grow at a CAGR of 7-13% over 2015 to 2020. The chart below highlights growth in medical spends per capita in key pharmerging markets.

Medicines Spend and Change per Capita Constant (US$)



Source: IMS Health, Market Prognosis, September 2015; IMS Institute for Healthcare Informatics, October 2015

Indian Pharmaceutical Industry

According to CRISIL Research, the Indian pharmaceuticals industry is estimated to be worth $36.8 billion in revenues for the financial year 2015, with domestic segment constituting about one-third of the total market and the remaining two-thirds coming from the exports segment. Over the past five years (2010-2015), the Indian pharmaceuticals industry has grown at over 12% CAGR – double the pace at which the global pharmaceutical industry has grown over the same period. The growth has been fairly broad based with domestic segment growing at about 12.3% CAGR and export segment growing little above 16% CAGR. Moreover, while the global pharmaceutical industry is estimated to grow at 4-7% CAGR over the next five years, the Indian pharmaceutical industry is expected to grow at a significantly higher rate at 11-13% CAGR and reach $62-67 billion by financial year 2020. (Source: CRISIL Research, June 2015)

Indian Pharmaceutical Industry

	2009-2010	2014-2015	2019-2020 (projected)	Past 5 year CAGR up to 2014-2015 (%)	Future 5 year CAGR up to 2019-2020 (%)
Domestic formulation (₹ billion)	417.1	745.8	1,359-1,484	12.3	13-15
Formulation exports (US$ billion)	5.2	11.7	18.9-20.4	17.7	11-13
Bulk drug exports (US$ billion)	6.3	12.9	20.4-22.3	15.2	10-12
Total market (US$ billion)	20.3	36.8	61.9-67.4	12.6	11-13

Source : CRISIL Research dated June 2015

DOMESTIC FORMULATION

The domestic formulations industry constitutes the second largest component of the Indian pharmaceuticals market after bulk drug exports and is dominated by local companies with strong formulation development capabilities. The domestic formulations industry was valued at ₹ 746 billion in financial year 2015 and recorded a CAGR of 12.3% from 2009 to 2015. The industry is further expected to grow at 3-15% CAGR through financial year 2015 to 2020. This growth will be driven by rising income, enhanced medical infrastructure, rise in the prevalence of chronic illnesses (cancer, diabetes, respiratory and cardiovascular disease, among others), and greater health insurance coverage. (Source: CRISIL Research, June 2015).

The domestic formulation industry is highly fragmented in nature with the top 10 companies accounting for 42.7% of the market share for the financial year 2016, with the market leader accounting for about 8.0% of the market share in the same period. (Source: IMS SSA MAT March

2016). The domestic market is largely branded generic in nature with doctors prescribing brand names over generic names. Thus, it is imperative for a company to develop strong brand building capabilities. Besides, a large network of medical representative is also required to reach out to the large prescriber base spread across the country to generate prescriptions for its products.

Acute vs Chronic therapeutic segment: The domestic formulation market can further be classified into the acute and chronic segments. The chronic drugs segment, which includes therapy areas such as anti-diabetics, respiratory, cardiac and central nervous system (CNS) therapy, has witnessed significant growth, driven by changes in lifestyle and food habits. Therapy segments of anti-diabetic, respiratory, cardiac and CNS have grown at a CAGR of 20.2 %, 12.2%, 13.2%, and 13.1% respectively between financial year 2013 and 2016. The share of chronic therapies in the overall spends on pharmaceutical products in India has increased from 31.6% in financial year 2013 to 34.0% in financial year 2016 (Source: IMS SSA MAT March 2016).

Whilst therapy areas in the chronic drugs segment continue to grow rapidly, acute therapies still comprise a larger share of the domestic market. India is an emerging country with significant scope for improvement in the areas of health, hygiene, and sanitation. Thus demand for drugs in segments like anti-infectives, gastro-intestinal and pain & analgesic therapy area is expected to grow over the near future.

Evolution in market share of the chronic and acute segments

Therapeutic Segment	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	CAGR FY13-FY16
Acute	68.4%	67.3%	66.8%	66.0%	10.0%
Chronic	31.6%	32.7%	33.2%	34.0%	16.9%
Grand Total	100.0%	100.0%	100.0%	100.0%	12.1%

Source: IMS SSA MAT March 2016

Manufacturing at Company's Baddi facility

The table below illustrates the demand for domestic formulations from key therapy areas:

Therapy Area[1]	Domestic Sales 2009 (₹ million)	Domestic Sales 2014 (₹ million)	Domestic Sales 2019 (₹ million)	CAGR 2009-2014 (%)	CAGR 2014-2019 (%)
Alimentary tract and metabolism	98,196	206,096	402,200	16.0	14.3
Blood and blood-forming organs	17,625	32,535	60,125	13.0	13.1
Cardiovascular system	42,893	85,248	154,396	14.7	12.6
Dermatologicals	19,585	44,192	80,736	17.7	12.8
Genito-urinary system and sex hormones	18,239	33,777	55,065	13.1	10.3
Anti-infectives for systemic use	82,222	127,436	209,556	9.2	10.5
Antineoplastic and immunomodulating agents	3,672	9,571	22,462	21.1	18.6
Musculo-skeletal system	23,781	40,127	70,485	11.0	11.9
Nervous system	28,597	56,883	105,627	14.7	13.2
Respiratory system	35,881	61,898	109,776	11.5	12.1
Various	30,382	58,097	96,035	13.8	10.6

Source: IMS Market Prognosis 2015-2019. Asia/Australia – India dated September 2015, published by IMS Health

Note: [1]The classification of therapy areas in this table is according to Anatomical Classification System (ATC 1) used by IMS.

Given the backdrop of expected healthy growth in the domestic formulation market, their are also some challenges in the near term. These include:

Drug Price Control: The Drug Price Control Order (DPCO) 2013 capped prices of nearly 348 molecules and mandated sharp price cuts mostly across acute care drugs. Subsequently, further price cuts were announced in 2014 and 2015 with additional formulation packs being brought under the price control, across therapies like cardiac, anti-diabetes, derma and neurology. While the companies try to mitigate the impact of price cuts through volume growth and tighter cost controls, further addition of drugs under the price control could pose challenge to the value growth of the domestic formulation market.

Wholesale Price Index (WPI) adjusted price increase in drugs under price control: Along with volume growth and new product introduction, price increase is also an important lever for growth in the domestic formulation market. For the drugs, which are under price control companies can take price increases only to the extent of WPI. Currently, about 20% of the overall domestic formulation market is under price control and in the years where the WPI is negative, the companies need to take price cuts, impacting the growth to some extent.

Proposed ban on Fixed Dose Combination (FDC) drugs: In March 2016, the Health Ministry banned 344 fixed drug combinations through a gazette notification, based on the recommendation of its expert committee. While the pharmaceutical companies have challenged the order in the High Court and the final verdict on this is awaited, any negative ruling on the matter leading to the implementation of the proposed ban and further addition to this list could impact the growth of the pharmaceutical companies.

Regulatory changes: Regulatory changes in the form of mandatory implementation of Uniform Code of Pharmaceutical Marketing Practices and capping of trade channel margins could change the dynamics in the domestic formulation market. It could also lead to some short-term volatility in the growth of the pharmaceutical companies.

FORMULATION AND BULK DRUGS EXPORTS

The export segment of the Indian pharmaceuticals manufacturing can be further divided into two sub-segments: formulations and bulk drugs. These segments combined recorded approximately 16.3% CAGR over the past five years to reach a value of around $24.6 billion. The export segment is expected to grow owing to India's key strengths of low-cost manufacturing, high process chemistry skills, approved manufacturing facilities and an increasing number of drug master filings (Source: CRISIL Research, June 2015).

Exports of formulations and bulk drugs recorded approximately 16.3% CAGR over the past five years to reach a value of around $24.6 billion.

Packaging at Company's Baddi facility

The growth of the global generics market over the past decade has resulted in a significant growth opportunity for exports of formulations manufactured in India. Formulations exports have grown at about 18% CAGR from 2009 to 2015. Going forward, Indian formulations exports are expected to grow at a CAGR of 11-13% between financial years 2015 and 2020, to nearly $20 billion in revenues. Exports to regulated markets are expected to increase at a CAGR of 12-14% for the same period, driven by the expanding penetration of generic products, along with the improving pace of product approvals. Exports to semi-regulated markets are expected to grow at a CAGR of 10-12% (Source: CRISIL Research, June 2015).

India's bulk drug exports are estimated to grow at a CAGR of 10-12% from financial year 2015 to financial year 2020, exceeding $20 billion in revenues. This growth will be driven by increased demand for both on-patent and off-patent drugs (Source: CRISIL Research, June 2015). However, the market is facing a major challenge from stringent regulations, which require vendors to comply with elaborate procedures prior to product commercialisation.

Key challenges in the International market

Regulatory risk: The pharmaceutical companies have to comply with various Good Manufacturing Practices (GMP) norms in order to manufacture and market their products in international markets. These norms evolve with time and the companies are expected to keep in compliance with latest norms. Non-compliance could lead to adverse outcomes including warning letters, import alerts, monetary fines, or revocation of manufacturing or marketing licenses, significantly impacting their growth.

Exchange Rate Volatility: Most of the Indian pharmaceutical companies garner over half of their overall revenues from the international market. Therefore, significant volatility in exchange rates could pose a risk for the companies as they translate their revenue and expenditure incurred in foreign currency into Indian Rupee.

Geopolitical Risk: Growth in pharmaceutical spending in a country depends on its underlining economic growth. Geopolitical tension could pose a significant risk to the country's economic growth, which could in-turn, jeopardise its pharmaceutical spending. This could in-turn impact the growth of pharmaceutical companies operating in that market.

Company's manufacturing facility at Baddi

Overview - Alkem Labs

Established in 1973, Alkem is a leading Indian pharmaceutical company with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. It produces branded generics, generic drugs, active pharmaceutical ingredients (APIs) and nutraceuticals, which are marketed in Indian and International markets. With a portfolio of more than 700 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IMS SSA MAT March 2016). The Company has presence in more than 50 international markets, with the United States being its key focus market.

The Company has a total of 16 manufacturing facilities: 14 manufacturing facilities are at geographically diversified locations in India and two in the United States. Out of the Indian manufacturing facilities, 12 are for the manufacture of formulations and two are for the manufacture of APIs. Six of the facilities are USFDA approved. The Company also has a strong research and development capabilities, which helps in enhancing the Company's portfolio of products. It has four research and development facilities, two in India and two in the United States.

On December 23, 2015, the Company successfully completed its Initial Public Offering (IPO) and its equity shares were listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. .

COMPETITIVE STRENGTHS

- **Market leadership in various therapeutic areas:** During the year under review, the Company maintained its number one rank in the therapeutic area of anti-infectives with a market share of 11.6%. It is also ranked among the top three companies in the gastro-intestinal and pain/analgesics therapeutic areas with market share in excess of 5%. Moreover, the Company is also among the top five companies in the therapeutics area of vitamins, minerals, and nutrients in terms of Indian market share for financial year 2016. (Source: IMS SSA MAT March 2016)

Company's succesful IPO listing

- **Market-leading brands:** The Company's established record of consistent performance and reputation for quality products in various therapeutic areas has helped it in building reputable brands in the pharmaceutical market in India. During financial year 2016, five of the Company's brands were among the top 50 brands and 14 brands were among the top 300 brands in the Indian pharmaceutical industry. (Source: IMS SSA MAT March 2016)

- **Extensive sales, marketing and distribution network in India:** The Company has a strong sales, marketing and distribution capabilities in India, comprising about 6,000 medical representatives, 40 sales depots, 49 clearing and forwarding agents, 19 consignees and eight central warehouses covering over 7,000 stockists. The Company's products are also marketed to various hospitals, government institutions, and medical institutions. The Company believes, its marketing strategies, trained medical representatives (MRs) and distribution network enable them to increase their market share across key therapeutic areas, and build and grow its brands.

- **Growing international operations:** Having established in the Indian pharmaceuticals market, the Company is expanding internationally through both organic growth and strategic acquisitions. While the US is the key focus market for international operations, its products are also sold in more than fifty other countries like Australia, Chile, Philippines and Kazakhstan.

- **Research and Development capabilities:** The Company's R&D activity is supported by four facilities, two in India and two in the US. The Company also has a team of over 500 scientists in R&D functions. It has a 100-bed clinical research facility to conduct studies on healthy volunteers to prove the effectiveness of developed formulations in accordance with the regulatory guidelines of various regulatory agencies. Additionally, it also has a regulatory affairs team, which is responsible for various filings and approvals related to products in India and international markets. The company also has an Intellectual property (IP) group that looks after patent filing, patent prosecution, design filing, infringement analysis and patent litigations for the global markets.

- **Geographically diversified manufacturing facilities:** The Company has 16 manufacturing facilities at strategic locations, 14 in India and 2 in the US. Six of these facilities are USFDA approved. Some of the manufacturing plants enjoy fiscal benefits that are available for different periods. The Company manufactures a wide range of dosage forms including tablets, semi-solids, liquids, capsules, dry syrups, injectables, nasal preparations and APIs.

Business Segment Review

DOMESTIC BUSINESS

Financial Highlights

72.5%

Contribution to net consolidated revenue

₹36,182 mn

Net consolidated revenue from India Business

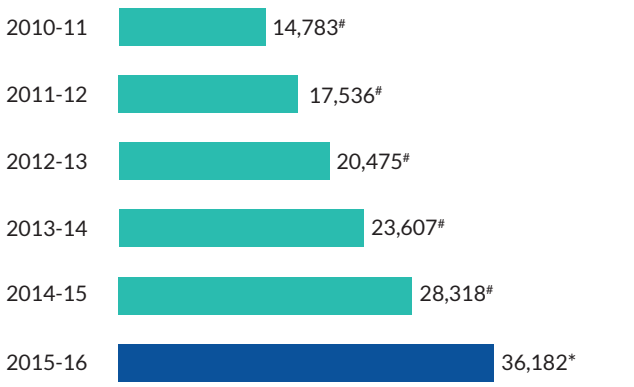
Overview

Since its incorporation in 1973, the Company has significantly grown its domestic formulations business and is now ranked as the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IMS SSA MAT March 2016). The Company has a comprehensive portfolio of over 700 brands covering all the major therapeutic segments in India, in some of which it has attend market leading positions. The Company's domestic business is divided into 19 marketing divisions, which formulate marketing and promotional strategies for their products portfolio targeted towards specific therapeutic areas. The Company also has a dedicated sales and marketing team of about 6,000 MRs in India, allowing them to penetrate the domestic market through frequent visits to medical practitioners across all specialties. This is further complemented by a strong pan-India distribution network.

The Company broadly categorise its domestic business into Established Therapies and Emerging Therapies. The Established Therapies comprise anti-infectives; gastro-intestinal; pain and analgesics; and vitamins, minerals and nutrients, which together constitutes about 80% of the total domestic sales. The Company has outgrown the market consistently in these therapy segments through market share gains and new product introductions. The Emerging Therapies of the Company comprise neuro/CNS, derma, cardiac and anti-diabetes. Given the strong underlying

growth in these segments on account of changing lifestyle and food habits, the Company has made significant investments in these therapies in terms of product development and build its sales and marketing infrastructure. Emerging Therapies are expected to contribute significantly to the Company's domestic business growth, going forward.

Net operating revenues (Domestic) ₹ in mn



19.6% 5 YEAR CAGR

*Reported numbers

#Restated numbers as reported in the Prospectus

R&D at Taloja facility

Alkem performance vs Industry performance:

Therapy Segment	Y-o-Y growth in FY16				
	Alkem's Growth	Industry Growth	Market Share in segment	MAT March 2016 Rank	YoY Change in Rank*
Anti-Infectives	10.3%	6.4%	11.6%	1	Unchanged
Gastro-Intestinal	19.0%	15.1%	5.7%	3	Unchanged
Pain / Analgesics	14.2%	11.2%	5.1%	3	Unchanged
Vitamins / Minerals / Nutrients	16.2%	15.0%	3.7%	5	+1
Respiratory	16.5%	10.7%	1.5%	19	-1
Neuro / CNS	23.5%	15.1%	1.9%	14	+2
Gynaec.	12.3%	12.6%	2.6%	9	Unchanged
Derma	18.8%	17.0%	1.5%	15	Unchanged
Cardiac	33.7%	14.2%	0.6%	30	+1
Anti-Diabetic	31.2%	19.8%	0.8%	28	+1
Others	13.9%	13.9%	0.7%	NA	NA
Grand Total	14.4%	13.5%	3.5%	5	+1

(Source: IMS SSA MAT March 2016) *+ means improvement in rank.

Key Highlights 2015-16

- **Robust sales growth:** The Company's net consolidated operating revenues from the domestic business increased by 29.9% to ₹ 36,182 mn in financial year 2016, compared to ₹ 27,864 mn in financial year 2015. This was primarily driven by strong performance of the Company's top brands, market share gains in key therapeutic segments and new product introductions. The reported Y-o-Y growth also includes consolidation of financials of Indchemie Health Specialties Private Limited (Indchemie) and Cachet Pharmaceutical Private Limited (Cachet) in the financial year 2016.

- **New product introductions:** The Company launched 53 new products, including line extensions and new stock keeping units, during the financial year 2016. These included in-licensed as well indigenously developed products. Key product launches included:

- **Rituximab** – Alkem's first Monoclonal Antibodies (MABs). Launched under Oncology division. Estimated size of Rituximab market in India is about ₹ 2,000 million.

- **Teneligliptin** - Alkem's first DPP IV inhibitor. Launched under Anti-diabetes division. Estimated size of DPP IV inhibitors market in India is about ₹ 15 billion.

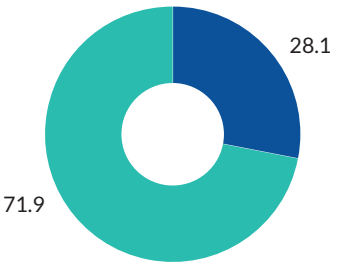
- **Faropenem** – Oral penem to fill portfolio gap in anti-infective segment.

- **Sofosbuvir and combinations** – Launched Hepatitis C portfolio to strengthened the product offering in the gastro-intestinal segment.

Some of the Company's recent product launches (launched over last 24 months) like Merosure (penem, anti-infectives), Gemcal Plus (pain and analgesic), Pan MPS (gastro-intestinal), Olkem Trio (cardiac) and Tacrovera (derma) has met with encouraging response in the market.

- **Healthy prescription growth:** The Company registered a healthy growth in its prescriber base with 71.9% prescriber coverage in financial year 2016, compared to 70.7% in financial year 2015. Also, its prescriptions market share in India improved from 6.8% in financial year 2015 to 7.9% in financial year 2016. (Source: IMS Health)

Established relationship with prescribers (%)



Alkem ranked among the leading companies in terms of prescription generation with 7.9% share of overall prescription in India[1]

Source: IMS Health
Note: [1]For 12 months ended March 2016

- **Outperformance in the Company's Established Therapies:** The Company enhanced its leadership position in the Established Therapies with market share gain and improvement in market ranking.

- **Anti-infectives:** The Company maintained its number one ranking in this segment with market share improving from 11.2% (MAT March 2015) to 11.6% (MAT March 2016).

- **Gastro intestinal:** The Company's market share improved from 5.5% (MAT March 2015) to 5.7% (MAT March 2016), as it continues to feature among top three companies in India in gastro intestinal segment.

- **Pain / Analgesics:** The Company occupies the 3rd position in this segment. Its market share increased from 4.9% (MAT March 2015) to 5.1% (MAT March 2016).

- **Vitamins / Minerals / Nutrients:** The Company gained one position in financial year 2016 and now rank fifth in this segment with improved market share of 3.7% (MAT March 2016).

- **Robust growth in the Company's Emerging Therapies:** The Company delivered healthy growth in the Emerging Therapies with improvement in market rankings.

- **Neuro / CNS:** The Company's market ranking improved by two positions during the year and it is now rank fourteenth (MAT March 2016) in this segment. The Company's secondary sales during the year grew by 23.5% compared to segment growth of 15.1%.

- **Cardiac and anti-diabetic:** The Company improved its rankings in cardiac and anti-diabetic segments by one position. Its secondary sales growth during the year, in both these therapies was in excess of 30% - better than segment growth of 14-20%.

- **Improvement in field force productivity:** The Company saw a healthy year-on-year improvement in its field force productivity driven by volume growth, market share gain and its initiatives under the SFE (Sales Force Effectiveness) programme.

- **Uprise-D3 among top 300 pharma brands:** Uprise-D3, Company's Vitamin D3 supplement, entered into coveted list of top 300 brands in India. This is Company's 14th brand in top 300 brands in India. Further, out of its 13 existing brands in the top 300 list, five improved their rankings during the year.

(Source: IMS SSA MAT March 2016)

Growth Strategies

- The Company continues to drive its market-leading growth in the Established Therapies of anti-infective, gastro-intestinal, pain and analgesic and vitamins, minerals and nutrients, through continuous brand building efforts, growing its prescriber base and driving more prescriptions from the existing prescribers.

- The Company is focusing on building its market shares in fast-growing therapeutic areas of cardiology, diabetology, neuro-psychiatry, dermatology and oncology, through market share acquisition and new product introductions.

- The Company is driving its new product launches through indigenous R&D and through collaboration with global pharma companies to widen its product offering and fill-in portfolio gaps.

- The Company continues to invest in training of its field force to further enhance their effectiveness, thereby optimising field force productivity.

- The Company also intends to selectively pursue areas with high growth opportunities, such as development of monoclonal anti-bodies and therapeutic proteins in various therapeutic areas including oncology, osteoporosis, psoriasis and rheumatoid arthritis.

Key challenges in financial year 2017

- **Expansion of NLEM list –** Under the recently announced NLEM 2015 list, which replaces the NLEM 2013 list, the Company now has a higher proportion of its domestic business under the ambit of price control. Further, the regulator has also announced revision of ceiling prices for some of the formulations, which were under NLEM 2013 list and continue to feature under NLEM 2015 list. This has impacted the prices of some of the Company's key brands.

- **Negative WPI** – In accordance to the regulations governing the pricing of the formulations under the NLEM list, the Company needs to revise the prices of its formulations, falling under the NLEM list, in-line with the WPI. As the WPI for the year ending December 2015 was negative, the Company has accordingly taken price-cuts for the drugs that are falling under the NLEM list.

- **Proposed ban on FDC drugs** – In March 2016, the Health Ministry banned 344 fixed drug combinations through a gazette notification. Some of the Company's formulations also feature in this list. While the pharma companies, including Alkem, have challenged the order in the High Court and the final verdict on this is awaited, any negative ruling on the matter leading to the implementation of the proposed ban could impact the Company's growth rate.

Outlook

Despite the regulatory headwinds mentioned above, the Company would strive to deliver growths ahead of the market growth rate. This would primarily be done without deviating from its core strategy of consolidating its strength in the established therapies of anti-infectives, gastro-intestinal, pain management and vitamins, minerals & nutrients and building its burgeoning base in the emerging therapy areas of cardiac, anti-diabetes, CNS and derma.

The Company looks to further sharpen its execution capabilities to drive volume growth, gain market share and improve field force productivity. The Company would also expand its product offerings to not only fill portfolio gaps in the existing therapy areas but also enter newer ones. These would be the Company's key drivers of growth as the Company looks forward to deliver yet another year of out performance.

Company's manufacturing facility at Mandva, Gujarat

INTERNATIONAL BUSINESS

US Business

Financial Highlights

19.8%

Contribution to net consolidated revenue

₹9,907 mn

Net consolidated revenues from US business

Overview

The US is the key focus market for the Company's international operations. The Company has its own front end that markets and sells its products to major pharmacy chains' stores, wholesalers, managed care companies, distributors, food and grocery stores and pharmaceutical retailers in the US under its acquired brand 'Ascend'.

As of 31st March 2016, Ascend sold 19 products in the market, out of which 14 are the Company's own products and five are in-licensed from third parties. Additionally, the Company has six US FDA accredited manufacturing facilities and four R&D centres, which supports its growth in the US markets.

Key Highlights 2015-16

- **Strong revenue growth:** The Company's net consolidated operating revenues from the US business increased by 38.9% to ₹ 9,907 mn in financial year 2016, compared to ₹ 7,131 mn in financial year 2015. The growth was driven by market share gains in the existing products, new product launches and full-year sales of Mycophenolate Mofetil suspension, which was launched towards latter half of the financial year 2015.

- **Uptick in ANDA filing rate:** The Company filed 12 ANDAs during the financial year 2016, taking its cumulative filings to 76 ANDAs and 1 NDA (as on 31st March 2016). 31 of these are Para IV filings including First-to-File (FTF) opportunities.

- **Highest ANDA approvals in a year:** The Company received 12 ANDA approvals (including 3 tentative approvals) during the year, taking cumulative ANDA approvals to 30 (including 4 tentative approvals) and 1 NDA (as on 31st March 2016). This is the highest number of ANDA approvals that the Company has received in a particular year.

- **Acquisition of manufacturing facility:** In June 2015, the Company acquired a formulation manufacturing facility along with its R&D capabilities from Long Pharmaceuticals LLC, in the US. This acquisition not only helps the Company in diversifying its manufacturing footprint but also provides it with manufacturing capabilities in dosage forms like semi-solids, liquid and nasal formulations. The Company is further scaling up the manufacturing capacity and R&D capabilities of this facility as it looks to file ANDAs in relatively niche areas from here.

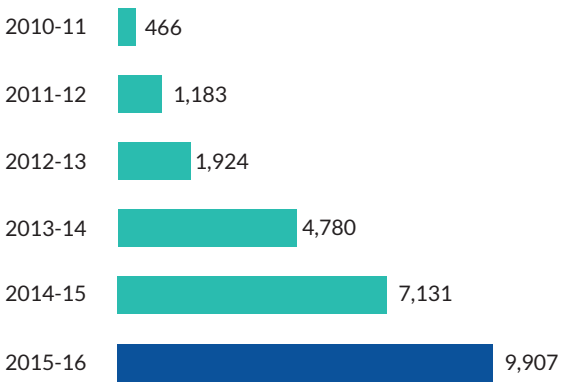
- **USFDA accreditation for Mandva API facility:** During the financial year 2016, the Company received USFDA approval for its API manufacturing plant at Mandva, Gujarat. This plant was inspected by the USFDA in September 2015, post which the Company received Establishment Inspection Report (EIR) from the USFDA in March 2016, making it the Company's sixth USFDA approved manufacturing facility.

- **Successful USFDA inspections:** During the financial year 2016, the Company's formulation facility at Baddi (India) and its API facility at California underwent successful inspection by the USFDA. This was in addition to its formulation facility at St. Louis (California), which was successfully inspected by the USFDA in February 2015.

With >70 ANDA filings, 6 USFDA approved facilities and own front end, the Company believes it has the required infrastructure to support its growth in the US.

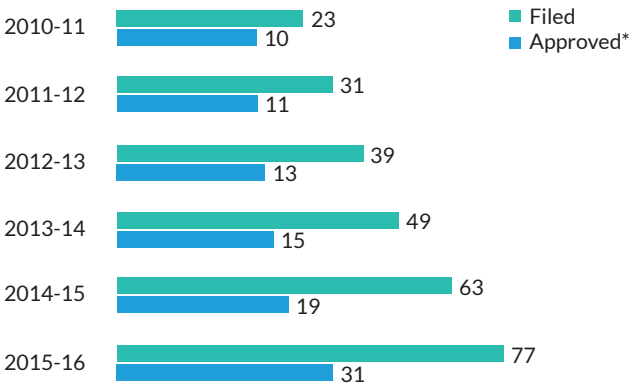
Net operating revenues (US)

₹ in mn



84.3% 5 YEAR CAGR

Cumulative ANDA filings#



Includes one NDA

* Includes tentative approvals

Growth Strategies

- The Company is growing its product portfolio by accelerating the ANDA filings through investments in R&D.
- The Company is enhancing its capabilities and expertise in niche areas, such as modified release products, topical products and osmotic controlled release oral delivery systems, which has relatively high entry barriers, and thus offers better pricing power.
- In addition to its own product, the Company continues to look for product in-licensing opportunities to further utilise its sales and marketing infrastructure and enhance its product offerings in the US market.
- The Company is growing its US operations through leveraging its established relationship with key retail and national accounts.

OTHER INTERNATIONAL MARKETS

Financial Highlights

7.7%

Contribution to net consolidated revenue

₹3,826 mn

Net consolidated revenues from Other International Markets

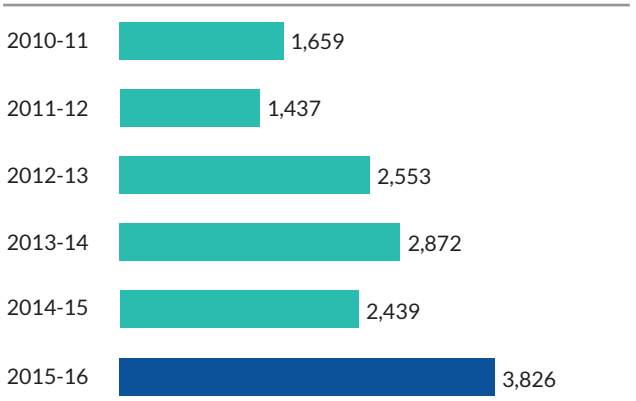
Overview

Outside the US and India, the Company also has presence in other markets like Australia, Europe, South East Asia, Latin America, Africa and CIS. Its products are sold in more than fifty international markets either directly through its own subsidiaries or indirectly through active engagement with other companies. The Company's key markets include Australia, Chile, Philippines and Kazakhstan.

In Australia, the Company's pharmaceutical operations are run through its subsidiary, Pharmacor Pty Ltd, acquired in 2009. Pharmacor has a portfolio of approximately 100 products with its own dedicated sales and marketing team. Its customers include individual pharmacies, pharmacy groups, pharmacy co-ops, aged care, and hospitals in Australia. Similarly, in Kazakhstan and Philippines, the Company operates through its own subsidiaries, which offer branded generic products catering to diverse therapeutic segments. The Company has its own field force in these markets. The Company constantly looks out for product in-licensing and out-licensing opportunities in several emerging markets to leverage its product portfolio and sales and marketing infrastructure.

Net operating revenues (Other International Markets)

₹ in mn



18.2% 5 YEAR CAGR

Key Highlights 2015-16

- **Robust underlying demand for the Company's products:** The Company's net consolidated operating revenues from other international markets increased by 56.9% to ₹ 3,826 mn in financial year 2016, compared to ₹ 2,439 mn in the financial year 2015. Despite the currency headwinds in many of the Company's emerging markets, the growth was primarily driven by strong underlying demand for its products in key market of Australia, Chile and Kazakhstan.

- **Strong traction in Australia sales:** The Company's business in Australia posted strong revenue growth in excess of 90% YoY in local currency driven by healthy offtake of key brand Osteomol – an exclusive generic paracetamol 665 mg product.

- **Exponential growth in Chile:** The Company's business in Chile witnessed exponential growth in local currency terms. This was mainly driven by new product introductions. Further, the Company filed 46 products in Chile during the financial year including 16 in-licensed products.

- **Impressive growth in Kazakhstan:** The Company's sales in Kazakhstan grew by over 90% Y-o-Y during the financial year in local currency. This was on the back of new product introductions and market share gains in existing products.

Growth Strategies

- Market and sell products that the Company develops for the US market in other international markets, as it expects a good underlying demand for these products in the developed and emerging markets.

- The Company continues to focus and capitalise on the growth opportunities in international markets like Australia, Chile, Kazakhstan and Philippines by building a strong local presence and expertise.

- The Company is constantly looking out for strategic acquisitions and partnership agreements for out-licensing and in-licensing opportunities to enhance its product portfolio.

Outlook for International Business

US: The Company has a clear focus on select international markets, with the US being the most important one. With a healthy product pipeline of 77 ANDAs (including one NDA) filed with the USFDA and the benefit of having its own front end and supply chain in the US, the Company is in a good position to capitalise on the market opportunities. Further, as the Company continues to file higher than historical average ANDAs every year and the advantages of GDUFA system in terms of reduce approval timelines beginning to become visible, the Company is positive that it will be able to launch more products in the marketplace than in the past.

Other International Markets: Besides the US, Australia, Chile and Kazakhstan are the other focused markets for the Company. The Company believes it has lot of growth opportunities through market share increases in its existing products, acquisition of new customers and new product introductions. While the Company is clearly focused on long-term growth, it continues to explore various growth opportunities that exist in these markets.

While the market and environment for International Business continues to be challenging and volatile, the Company's strategy, execution and opportunities present significant upsides.

With approval timelines reducing by USFDA and advantages of GDUFA system beginning to become visible, the Company is positive that it will be able to launch more products in the marketplace than in the past.

Strategic Initiatives

ENZENE BIOSCIENCES LIMTED (ENZENE)

As per Industry estimates, the global biosimilars market is expected to touch about $6 billion by 2020, with a CAGR of over 20%. The growth of the global biosimilars market is expected to be driven by factors, such as growing demand for biosimilars in different therapeutic applications including rheumatoid arthritis, oncology, autoimmune diseases and blood disorders, increasing number of biologic drugs going off-patent, and increasing pressure to curtail healthcare expenditure. However, factors such as high manufacturing complexities, stringent regulatory requirements and significant investments serve as significant deterrent for companies to foray into biosimilars market, thereby making it relatively less competitive.

Alkem has made investments to participate in the global biosimilar markets through its subsidiary Enzene Biosciences. Enzene is a biotech focused R&D company located in Pune. It is led by a team of scientists with rich experience in biotechnology field. Enzene has established several technology platforms in the areas of molecular biology, protein expression, fermentation technology (microbial, insect and mammalian cells), bio-analytics, immunology and peptide synthesis. It has biosimilar products in preclinical and clinical development stages. It aims to monetise these products over the medium- to long-term time period, thereby further augmenting the Company's product portfolio in India and International markets.

COST OPTIMIZATION PROGRAMME - PROJECT UDAAN

Cost optimisation and improving profitability is an ongoing endeavour at Alkem. In this direction, the Company collaborated with a global consultant to start a companywide focused initiative under Project Udaan. The key focus of this programme is to improve procurement spends and strengthen procurement related processes without compromising on quality and compliance.

During the year, the Company worked on strengthening its procurement programmes, which include areas like direct materials (raw and packing materials), finished goods and packing materials. The Company conducted in-depth market studies and worked closely with existing and new partners to find innovative ways to optimise costs in a sustainable manner. This has resulted in significant cost saving during the year, a part of which is reflected in its year-on-year improvement in gross and EBITDA margins. Going forward, the Company is targeting newer avenues of process optimisation and are testing various levers of cost optimisation to further improve profitability.

Manufacturing facilities

The Company owns and operates 16 manufacturing facilities across five locations in India and two locations in the US. Of the 14 facilities in India, the Company facilities at Ankaleshwar and Mandwa are API manufacturing facilities. The remaining Indian facilities, including those at Daman, Baddi and Sikkim, manufacture formulations.

In December 2012, the Company acquired an API research and manufacturing facility in California. This facility is capable of pre-clinical API supplies, as well as process R&D. It is also in the business of contract research and manufacturing services apart from API manufacturing and sales. Further, in June 2015, the Company acquired a formulation facility in St. Louis (Missouri), US. This facility has been successfully manufacturing and developing pharmaceutical products since 1998 and is capable of manufacturing oral liquids, nasal sprays, and semi-solids pharmaceutical formulations. In addition, it offers comprehensive drug product development and manufacturing services to the pharmaceutical industry.

All of the Company's manufacturing facilities are cGMP compliant and has been approved by several regulatory authorities inter alia the USFDA, the UK-MHRA, Indian GMP and TGA Australia. The Company has six USFDA approved facilities – four in India and two in the US.

The Company also enjoys certain fiscal benefits at some of its manufacturing units for domestic market.

Research and Development

The Company conducts R&D activities at four of its facilities, two in India at Taloja and Pune, and two in the US at California and St. Louis. The Company intends to increase its initiatives in R&D to enhance its differentiated product portfolio in both the domestic market and international markets while strengthening its ANDA filings in the US.

As of 31st March 2016, the Company employed over 500 scientists in R&D functions. Its in-house capabilities provides It with the capacity to develop a wide range of dosage forms and APIs, and has a key role in growing the business. Further, the Company has identified biosimilars as a long-term growth opportunity and has made, and expect to continue to make investments in product development with a focus on high-growth therapeutic areas, such as oncology, autoimmune disorders and osteoporosis.

The Company also has a 100-bed clinical research facility, where it conducts studies on healthy volunteers to prove the effectiveness of developed formulations in accordance with the regulatory guidelines of various regulatory agencies.

Manufacturing at Company's Daman facility

Additionally, the Company also has a regulatory affairs team, which is responsible for various filings and approvals related to its products in India and other international markets. The company also has an Intellectual property (IP) group that looks after patent filing, patent prosecution, design filing, infringement analysis and patent litigations for the global markets.

Quality and Assurance

The Company has Quality functions to monitor process operations and assure the quality, safety, and efficacy of its products. This function, which reports to the Chief Executive Officer and Joint Managing Director, is responsible for overseeing all Quality operations of the Company's manufacturing facilities and imposing stringent controls on facility, equipment, materials, vendors, transportation, warehousing, engineering and utilities. It ensures all practices are in accordance to approved standard operating procedures. The Company complies with various international regulatory and cGMP standards and performs internal periodic reviews of systems, practices, and documentation across its manufacturing facilities through regular audits as per their Quality Management System.

The Company's formulation manufacturing facilities based at Daman, Baddi and St. Louis (Missouri, the US) have been accredited by the USFDA, UK-MHRA, TGA and other regulatory agencies. In addition, the API manufacturing facilities based at Ankaleshwar, Mandva (Gujarat) and California have also been accredited by USFDA.

The Company recruits qualified staff at all levels and has regular on-the-job good manufacturing practice and safety training. Internal and external trainers are employed for mentoring the staff skills. All product manufacturing stages are closely monitored by the Quality function. Apart from this, all equipment and instruments are checked and calibrated at regular intervals. The Company also monitors and controls the environmental parameters within its manufacturing facility and periodically validate all critical utility systems.

The Company's products are released for distribution only after they meet all quality specifications, and this is certified through a rigorous internal process. All products undergo extensive stability testing programmes to understand the product behaviour during shelf life. The Company also monitors in-market product quality through annual product quality review mechanism.

Company's R&D centre at Taloja, Maharashtra

Update on regulatory inspection at Taloja Bioequivalence Centre

- The UK MHRA (United Kingdom – The Medicines and Healthcare products Regulatory Agency) had conducted an inspection at the Company's Bioequivalence (BE) centre at Taloja (Maharashtra, India) from 14th March to 18th March 2016. In their inspection report, UK MHRA has listed eight observations that were not conforming to the Good Clinical Practice requirements. The Company has responded to the UK MHRA on 4th May 2016 with an appropriate remedial and preventive plan to assure total compliance to the requirements of Good Clinical Practices.

- The Federal Institute of Drug and Medical Devices (BfArM), Germany, and the Health Care Inspectorate (IGZ), Ministry of Health of The Netherlands performed a joint inspection at the Company's BE centre at Taloja from 9th March to 12th March 2015. Based on the findings of BfArM, The European Medicines Agency (EMA) decided to review the studies carried out by the Company at Taloja BE centre between March 2013 and March 2015. On 11th May 2016, the Company submitted its response to the EMA with supporting details of the actions taken / plan for the future to take care of the observations.

Human Capital

Alkem is committed to provide an enriching career path, collaborative and autonomous work environment to attract, retain, and develop the best-in-class talent. The Company's people are its strongest assets. The Company is committed to build the best-in-class team led by exceptional individuals to build a globally respected organisation.

As of March 31, 2016 the Company's total employee strength was over 13,000 across its domestic and international operations.

People are the biggest strength of the Company. They are driven by passion and a deep commitment to deliver the best results to the Company. The company attempts to provide the most conducive environment for its employees this along with training and career-development in order that people are able to learn and apply best-in-class business concepts and practices in their work. This application of learning to business practice is what enriches the Company in being a learning organisation.

The Company has a well thought out incentive plan, which not only motivates its executives to implement the growth strategies but also increase their overall earning potential leading to greater engagement and employee satisfaction. The Company believes in the following three fundamentals of Self Respect, Dignity and Personal Pride. This brings about an innate motivation to each and every employee to give their best to the organisation.

Internal Control & System

The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness, and efficiency of financial and operational controls. The integrity and reliability of the internal control systems are achieved through clear policies and procedures. To create enduring value for all stakeholders and ensure the highest level of honesty, integrity, and ethical behaviour in all its operations, Alkem Laboratories has implemented a 'Whistle Blower Policy' in addition to the existing code of conduct that governs the action of its employees.

Internal audit at Alkem is an independent and assurance function, responsible for evaluating and improving the effectiveness of control and process. The internal audit department prepares annual audit plan based on risk assessment and conduct extensive reviews covering financial, operational and compliance controls. Areas requiring specialised knowledge are reviewed in partnership with external experts. The Audit Committee of the Board monitors the performance of internal audit department on a periodic basis through reviews of audit plan, audit findings, and implementation status.

Cautionary statements

The 'Management Discussion and Analysis' contains statements describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events which are 'forward-looking statement' within the meaning of applicable securities laws and regulations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied due to important factors that could make a difference to the Company's operations including but not limited to general economic and business conditions in India and other key global markets in which the Company operates, the ability to successfully implement its strategy, research and development efforts, growth and expansion plans and technological changes, changes in laws and regulations that apply to the Company and increasing competition in and the conditions of its customers, suppliers and the pharmaceutical industry. The Company assumes no responsibility to publicly update, amend, modify or revise any forward-looking statements, on the basis of any subsequent development, new information or future events or otherwise except as required by applicable law.

Directors' Report

Dear Members,
Alkem Laboratories Limited

Your Directors are pleased to present their 42nd Annual Report on the business and operations together with the audited financial statements of the Company for the year ended 31st March, 2016. Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL PERFORMANCE

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2016	Year ended 31st March, 2015
Income from Operations	39,246.9	31,375.6	49,915.4	37,433.5
Other Income	1,605.2	1,821.3	1,645.1	1,810.4
Total Revenue	40,852.1	33,196.9	51,560.5	39,243.9
Profit before Interest, Depreciation and Tax	8,727.9	5,276.4	10,127.4	6,028.7
Less: Interest	533.0	726.3	670.6	811.1
Less: Depreciation	735.3	596.8	1,005.8	709.4
Profit before tax	7459.6	3,953.3	8,451.0	4508.2
Less: Provision for Taxation (net)	1,075.2	276.4	1,606.0	592.3
Profit after tax and before minority interest	6,384.4	3,676.9	6,845.0	3,915.9
Less: Minority Interest	-	-	113.8	-
Profit for the year	6,384.4	3,676.9	6,731.2	3,915.9
Balance brought forward from previous year	11,385.4	8,275.3	10,207.5	6,858.4
Profit available for appropriations	17,769.8	11,952.2	16,938.7	10,774.3
Appropriations				
Dividend on Equity Shares	1,518.5	478.3	1,518.5	478.3
Dividend Distribution Tax	309.1	88.5	311.1	88.5
Transfer to General Reserve	-	-	170.0	-
Balance carried to the Balance Sheet	15,942.2	11,385.4	14,939.1	10,207.5

OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31st March, 2016, the Company's total revenue including other income was ₹ 40,852.1 million on standalone basis as against ₹ 33,196.9 million achieved in the previous year, registering a growth of 23.1%.

The export turnover of the Company during the financial year 2015-16 was ₹ 6472.3 million as against ₹ 3448.2 million achieved in the previous year registering a growth of 87.7%.

During the financial year ended 31st March, 2016, the Company achieved total revenue including other income of ₹ 51,560.5 million on consolidated basis, as against a turnover of ₹ 39,243.9 million achieved in the previous year, registering a growth of 31.4%.

During the financial year ended 31st March, 2016, Standalone Profit before interest, depreciation and tax increased by 65.4 % at ₹ 8,727.9 million as against ₹ 5,276.4 million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 68.0 % at ₹ 10,127.4 million as against ₹ 6,028.7 million in the previous year.

Standalone Profit before tax was ₹ 7,459.6 million, higher by 88.7 % over the previous year and Consolidated Profit before tax was ₹ 8,451.0 million, higher by 87.5 % over the previous year.

After providing for taxes, standalone net profit was ₹ 6,384.4 million, higher by 73.6 % over the previous year and after providing for taxes and minority interest, consolidated net profit was ₹ 6,731.2 million, higher by 71.9 % over the previous year.

INITIAL PUBLIC OFFERING

The Directors are pleased to inform that the Company's Initial Public Offering of 12,853,442 Equity Shares of face value ₹ 2/- each through Offer for Sale received an

overwhelming response from the investors. The Issue opened for subscription on 8th December, 2015 and closed on 10th December, 2015. The Company allotted 12,853,442 equity shares by the way of an offer for sale. The Qualified Institutional Bidder portion (excluding Anchor Investor Portion) was subscribed to the extent of 57.19 times, while the Non-Institutional and Retail portion were subscribed to the extent of 129.96 times and 3.17 times respectively. The Employee portion was subscribed to the extent of 0.67 time. The issue constituted 10.75% of the post-issue capital of the Company and the same was overall subscribed to the extent of 44.29 times. The Equity Shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited.

UTILISATION OF IPO PROCEEDS

As the Company's IPO was through an offer for sale, the Company did not receive any proceeds from the offer and the proceeds were paid to the shareholders who offered their shares for sale.

DIVIDEND

During the financial year 2015-16, your Company declared and paid an Interim dividend at ₹ 3/- per Equity Share being 150% of paid up share capital on 28th September, 2015 and a Second Interim dividend at ₹ 9.7/- per Equity Share being 485% of paid up share capital on 9th March, 2016. In view of the payment of interim dividends during the year, the Directors have not recommended any further dividend for the financial year ended 31st March, 2016.

TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserve. An amount of ₹ 15,942.2 million is proposed to be retained in the Statement of Profit and Loss.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2016 was ₹ 239.1 million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the employees or Directors of the Company, under any Scheme (including sweat equity shares).

DEPOSITS

The Company has not accepted any deposits from the public/members under Section 73 of the Companies Act, 2013 (hereinafter referred to as the Act) read with Companies (Acceptance of Deposits) Rules, 2014 during the year. There are no deposits which are outstanding as on 31st March, 2016. The Company has no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

SUBSIDIARIES

As on 31st March, 2016, the Company had 18 subsidiaries. The Company does not have any joint venture / associate company (ies) within the meaning of Section 2(6) of the Act.

Details of companies which have become or ceased as subsidiary, associates and joint ventures, during the year under review, are as under:

Name	Details of Change	Date of Change
Alkem Real Estate LLP	Ceased to be a subsidiary due to liquidation (Strike off)	11th September, 2015

Pursuant to the first proviso to Section 129(3) of the Act and Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the salient features of financial statements, performance and financial position of each subsidiary is given in Form AOC-1 as Annexure A to this Report. The Audited Financial Statements of the subsidiaries are available on the Company's website at www.alkemlabs.com and are available for inspection by the Members at the Registered Office of the Company during business hours on all working days as required under Section 136 of the Act. Any Member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis is provided as a separate section forming part of this Report.

CORPORATE GOVERNANCE

A detailed report on the corporate governance systems and practices of the Company is provided as a separate section along with a certificate from the Statutory Auditors confirming the compliance by the Company with the conditions of Corporate Governance, forming part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company continues to believe in operating and growing its business in a socially responsible way. This belief forms the core of the CSR policy of the Company that drives it to focus on holistic development of its host community and immediate social and environmental surroundings qualitatively. The Company's CSR Policy framework puts emphasis on social outreach programs in the areas of Education, Vocational Training, Health, Environment and Rural Development.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2015-16 are outlined in the Report on CSR Activities annexed to this Report as Annexure B.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

As per the provisions of Section 149 and Section 152 of the Act, the shareholders at the Annual General Meeting (AGM) held on 13th July, 2015, appointed Mr. Arun Kumar Purwar (DIN 00026383), Ms. Sangeeta Singh (DIN 06920906) and Ms. Sudha Ravi (DIN 06764496) as Independent Directors of the Company. The terms and conditions of the appointment of the Independent Directors are posted on Company's website.

Resignations/Retirements

Mr. Ennapadam N. Shankar (DIN 02118438) resigned from the Board with effect from 15th June, 2015. The Board places on record its appreciation for his valuable contribution during his tenure with the Company.

Directors liable to Retirement by Rotation

Mr. Dhananjay Kumar Singh (DIN 00739153) is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible he has offered himself for reappointment. Appropriate resolution for his re-appointment is included in the Notice of AGM for seeking approval of Members. The Directors recommend his re-appointment for your approval.

A brief resume and particulars relating to him is given separately as an annexure to the AGM Notice.

Key Managerial Personnel

Mr. Prabhat Agrawal, Chief Executive Officer, Mr. Rajesh Dubey, Chief Financial Officer and Mr. Manish Narang, Senior Vice President Legal, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company in accordance with the provisions of Sections 2(51) and 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no change in the Key Managerial Personnel during the financial year 2015-16.

Independent Directors

The Independent Directors hold office for a fixed term of 5 (Five) years and are not liable to retire by rotation.

In accordance with the Section 149(7) of the Act, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of Independence as mentioned under Section 149(6) of the Act and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations").

Familiarization Program

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programme are explained in the Corporate Governance Report. The same is also available on the Company website at http://www.alkemlabs.com/admin/Photos/Policies/973052158Directors%20Familiarisation%20Programme.pdf.

Annual Evaluation of Board's Performance

Pursuant to the provisions of the Act and the SEBI LODR Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The criteria applied in the evaluation process is explained in the Corporate Governance Report.

The Independent Directors at a separate meeting, evaluated performance of non-independent directors, performance of the Board as a whole and performance of the Chairpersons of the Company.

Remuneration Policy

The Company follows a policy for selection and appointment of Directors, Senior Management and their remuneration. The said policy is annexed to this Report as Annexure C.

PARTICULARS OF EMPLOYEES

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as Annexure D.

Further a statement showing the names and other particulars of employees drawing remuneration in excess of the limits specified in Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and annual financial statements are being sent to the Members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection for the Members at the Registered Office of the Company during the business hours on working days and shall be provided to any Member on a written request to the Company Secretary.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 5 (Five) times during the financial year 2015-16. The details of the Board meetings and the attendance of Directors thereat are provided in the Corporate Governance Report forming part of the Annual Report.

In terms of requirements of Schedule IV of the Act, a separate meeting of Independent Directors was also held on 9th March, 2016 to review the performance of Non-Independent Directors (including the Chairpersons), the entire Board and quality, quantity and timelines of the flow of information between the Management and the Board.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi and Ms. Sangeeta Singh as Members. The terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Arun Kumar Purwar, Chairman and Mr. Basudeo N. Singh, Mr. Akhouri Maheshwar Prasad and Ms. Sangeeta Singh as Members. The terms of reference of the Nomination and Remuneration Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Sandeep Singh and Mr. Balmiki Prasad Singh as Members.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Sandeep Singh and Mr. Mangaldas Chhaganlal Shah as Members. The terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, the Directors, pursuant to the requirement of Section 134(3) (c) of the Act, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) they have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual financial statements on a going concern basis;

(e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS REPORT

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s BSR & Co. LLP (Firm Registration No: 101248W/W-100022), Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of the Forty Fifth (45th) Annual General Meeting. However, their appointment as Statutory Auditors of the Company is subject to ratification by the Members at every Annual General Meeting. The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company and are not disqualified from being so appointed.

A resolution for ratification of appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of Members.

Auditors Report

The Auditors Report for financial year ended 31st March, 2016, does not contain any qualification, reservation or adverse remark.

Cost Auditor

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder read with notifications / circulars issued by the Ministry of Corporate Affairs from time to time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting dated 28th September, 2015, appointed Mr. Suresh D Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for financial year 2015-16 to conduct the audit of the cost records of the Company. The Company had also received certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company. A resolution for ratification of the remuneration payable to the Cost Auditor is included in the Notice of Annual General Meeting for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Manish Ghia & Associates, Practicing Company Secretaries, (Membership No. F6253, COP No. 3531) to conduct the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report is annexed to this Report as Annexure E. The said Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Act and the Rules made thereunder, extract of the Annual Return in Form MGT-9 is annexed to this Report as Annexure F.

RELATED PARTY TRANSACTIONS

All the Related Party Transactions are entered into by the Company, at arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and the Company's Policy on Related Party Transactions. During the financial year 2015-16, the Company did not enter into any material related party transactions, i.e. transactions exceeding ten percent of the consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Act in Form AOC 2 is not applicable.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at http://www.alkemlabs.com/admin/PhotosPolicies/15915 Policy%20on%20Related%20Party%20Transactions.pdf.

PARTICULARS OF LOANS/GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Act have been disclosed in the Notes to the financial statements forming part of the Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) of the Act, the Board of Directors of the Company has framed the Vigil Mechanism / Whistle Blower Policy for Directors and employees of the Company. Under the said policy, provisions have been made to safeguard persons who use this mechanism from victimization. The policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The Whistle Blower Policy is uploaded on the website of the Company at http://www.alkemlabs.com/admin/Photos/Policies/3592Whistle%20Blower%20Policy.pdf.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment. During the financial year 2015-16, the Company had received one complaint with allegations of sexual harassment and the same was investigated and resolved.

BUSINESS RISKS AND OPPORTUNITIES

In line with the new regulatory requirements, the Company has formally framed Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. A Risk Management Committee under the Chairmanship of Mr. Dhananjay Kumar Singh, Joint Managing Director, has also been constituted to oversee the risk management process in the Company.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if Any

During the financial year 2015-16, there was no change in the nature of business of the Company.

Material Changes and Commitments affecting the financial position of the Company

There are no material changes and commitments which have occurred between the end of the financial year and the date of the Report which have affected the financial position of the Company.

Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals during the year impacting the going concern status and company's operations in future.

Reporting of Frauds by Auditors

There were no frauds reported by auditors as per Section 134 (3)(ca) and Section 143(12) of the Act.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

During the year the internal financial controls were reviewed and tested by an outside consulting firm and no reportable material weaknesses in design or operations were observed.

CONVERSATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE DETAILS

The information on conservation of energy, technology absorption and foreign earnings and outgo as stipulated under Section 134(3)(m) of the Act and the Rules framed thereunder is annexed herewith as Annexure G to this report.

ACKNOWLEDGEMENT

Your Directors are thankful to the Central and State Government Departments, Organizations and Agencies for their continued guidance and co-operation. The Directors are grateful to all valuable stakeholders of the Company viz. our customers, shareholders, dealers, vendors, banks, medical fraternity, patients and other business associates for their excellent support and help rendered during the year. The Directors also place on record their sincere appreciation for the significant contribution made by our employees through their dedication, hard work and unstinted commitment.

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Date: 27th May, 2016
Place: Mumbai

ANNEXURE A

FORM AOC-1

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

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

PART "A": SUBSIDIARIES

₹ in Million

Sr. No	Name of Subsidary	Reporting period of the subsidiary (if different from the holding company's reporting period)	Reporting Currency	Exchange Rate as on the last date of relevant Financial year	Share Capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of share-holding
1	Pharmacor Pty Limited	NA	AU$	50.6847	88.1	(54.8)	679.3	646.0	-	884.2	78.0	(23.4)	101.4	-	100%
2	Cachet Pharmaceuticals Private Limited	NA	INR	NA	1.5	356.4	1,536.6	1,178.7	0.1	3,141.6	47.1	6.8	40.4	-	51%
3	Ascend Laboratories SpA	NA	CLP	0.0960	0.1	32.3	718.1	685.7	-	439.8	31.9	-	31.9	-	100%
4	Enzene Biosciences Limited	NA	INR	NA	44.8	110.6	763.2	607.8	-	-	(286.0)	-	(286.0)	-	100%
5	Alkem Pharma GmbH	NA	EURO	74.8227	1.7	(3.8)	0.2	2.2	-	-	(0.5)	-	(0.5)	-	100%
6	Indchemie Health Specialities Private Limited	NA	INR	NA	2.5	1,654.5	2,999.5	1,342.5	12.7	2,757.3	257.8	65.9	191.9	-	51%
7	The PharmaNetwork LLP	NA	TENGE	0.1911	100.5	(43.6)	112.9	56.0	-	201.8	(12.3)	1.0	(13.3)	-	100%
8	Alkem Laboratories Korea Inc	NA	WON	0.0575	0.1	0.0	0.1	-	-	-	0.0	-	0.0	-	100%
9	Ascends Laboratories Sdn Bhd	NA	RM	16.7675	0.0	0.0	0.0	(0.0)	-	-	-	-	-	-	100%
10	S & B Holdings B.V.	NA	EURO	74.8227	2,897.2	(1,304.6)	2,873.3	1,280.7	2,054.3	-	20.6	489.2	(468.6)	-	100%
11	Alkem Laboratories (NIG) Limited	NA	NAIRA	0.3302	9.4	(154.5)	24.0	169.2	-	27.6	(39.9)	-	(39.9)	-	100%
12	Pharmacor Limited	NA	KES	0.6412	0.1	(0.0)	0.1	0.0	-	-	(0.0)	-	(0.0)	-	100%
13	Alkem Laboratories Corporation	NA	PESO	1.4334	69.3	(156.1)	131.6	218.3	-	79.3	(91.0)	(10.6)	(80.4)	-	100%
14	S & B Pharma Inc.	NA	USD	66.0989	0.0	153.8	2,154.2	2,000.4	-	908.8	(152.5)	-	(152.5)	-	100%
15	Alkem Laboratories (Pty) Limited	NA	RAND	4.3915	0.9	(9.4)	16.5	25.0	-	82.3	(4.0)	-	(4.0)	-	100%
16	ThePharmaNetwork LLC	NA	USD	66.0989	578.9	(1,188.8)	1,276.4	1,886.3	703.1	89.9	(445.1)	-	(445.1)	-	100%
17	Ascend Laboratories LLC	NA	USD	66.0989	703.1	2,976.2	4,545.3	866.1	-	9,004.4	1,798.9	-	1,798.9	-	100%
18	Ascend Laboratories (UK) Limited	NA	GBP	95.1973	9.9	3.8	50.1	36.3	-	48.6	9.1	1.9	7.3	-	100%

For and on behalf of the Board of Directors of Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN 00760279

Basudeo N. Singh
Executive Chairman
DIN 00760310

Dhananjay Kumar Singh
Joint Managing Director
DIN 00739153

Sandeep Singh
Joint Managing Director
DIN 01277984

Balmiki Prasad Singh
Director
DIN 00739856

Mritunjay Kumar Singh
Director
DIN 00881412

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr. VP - Legal & Company Secretary
FCS 4365

P. V. Damodaran
VP - Business Finaance

Place: Mumbai
Date : 27th May, 2016

ANNEXURE B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013]

1. Brief outline of the Company's CSR Policy

   Your Company is a deeply committed corporate citizen with its strategies, policies and actions aligned with wider social concerns, through initiatives in areas like education, health and other socially relevant areas. Your Company believes in making a holistic impact on the communities in which it operates.

   With an endeavor to achieve the above and to be a socially responsible corporate citizen, your Company has developed a CSR policy wherein it has identified some areas which are in line with its overall social objectives.

   The CSR Policy of your Company outlines the framework guiding your Company's CSR activities. It sets out the CSR Vision Statement, CSR Program Areas & Objectives, Implementation Process, CSR Governance Structure and Monitoring Mechanism.

   The CSR Policy has been put up on your Company's Website and can be accessed through the following link:http://www.alkemlabs.com/admin/Photos/Policies/138254.%20CSR-Policy.pdf

2. Composition of CSR Committee

Name of Director	Designation
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Balmiki Prasad Singh	Member
Mr. Sandeep Singh	Member

3. Average net profit of the company for last three financials years: ₹ 4546.5 million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 90.9 million

5. Details of CSR spent during the financial year

   (a) Total amount to be spent for the financial year: ₹ 90.9 million

   (b) Amount unspent , if any;: ₹ 60.9 million

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

(₹ in Million)

Sr No	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct	Over heads		
1	Support to differently abled children with hearing disability	Healthcare	Mumbai, Maharashtra	5.2	5.2	-	5.2	Implementing Agency - I Hear Foundation
2	Development of Ladies Hostel	Empowering women	Hosur, Karnataka	5.0	5.0	-	5.0	Implementing Agency - Vivekananda Yoga Anusandhana Samsthana
3	Development of women rehabilitation centre	Empowering women	Chunar, Mirzapur, Uttar Pradesh	2.0	2.0	-	2.0	Implementing Agency - Deva Foundation Mission for Mankind

(₹ in Million)

Sr No	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct	Over heads		
4	Epilepsy Awareness	Promoting healthcare	Mumbai, Maharashtra	0.5	0.5	-	0.5	Implementing Agency - Samman Association
5	IHC Testing for poor	Promoting healthcare	Chennai, Tamil Nadu	3.5	3.5	-	3.5	Implementing Agency - Cancer Institute (W.I.A.)
6	PAP Smear Testing	Promoting healthcare	Dharavi, Mumbai, Maharashtra	1.3	1.3	-	1.3	Implementing Agency - Indian Cancer Society
7	Contribution for one class room for Vedic Education	Education	Kharghar, Navi Mumbai, Maharashtra	1.0	1.0	-	1.0	Implementing Agency - ISKCON
8	Cancer detection camp	Promoting healthcare	Jahanabad, Bihar & Daman	1.5	1.5	-	1.5	Implementing Agency - Krishna Cancer Aid Association
9	Contribution for mobile Ambulance	Promoting healthcare	Jahanabad, Bihar	0.9	0.9	-	0.9	Direct
10	Drinking Water Facility And Toilet	Safe Drinking Water	Raigad, Maharashtra	0.9	0.8	-	0.8	Direct
11	Plantation And Green Area Development	Environmental Sustainability	MIDC Taloja, Panvel, Raigad, Maharashtra	0.4	0.4	-	0.4	Direct
12	Mobile Ambulance	Preventive healthcare	MIDC Taloja, Panvel, Raigad, Maharashtra	1.5	1.5	-	1.5	Direct
13	Safe Drinking Water - Installation of RO Water purifier	Safe Drinking Water	Gram Panchayat of Naugama, Teh. Ankleshwar, Bharuch, Gujarat.	0.6	0.4	-	0.4	Direct
14	Tree Plantation	Environmental Sustainability	Gram Panchayat of Naugama, Teh. Ankleshwar, Bharuch, Gujarat.	0.1	0.1	-	0.1	Direct
15	Renovation Of School Building	Education	Gram Panchayat of Naugama, Teh. Ankleshwar, Bharuch, Gujarat.	0.1	0.1	-	0.1	Direct

(₹ in Million)

Sr No	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct	Over heads		
16	Health / Medical Camps	Promoting healthcare	Gram Panchayat of Naugama, Teh. Ankleshwar, Bharuch, Gujarat	0.1	0.1	-	0.1	Direct
17	Renovation and repairs of School	Promoting Education and healthcare	G.P.S Vill. Chalanmajra, Baddi, District Solan, Himachal Pradesh.	1.4	1.3	-	1.3	Direct
18	Renovation and repair of School	Promoting Education and healthcare	G.H.S Village Thana, Baddi, District Solan, Himachal Pradesh.	0.8	0.5	-	0.5	Direct
19	Renovation and repair of School	Promoting Education and healthcare	G.S.S Village SAI, Baddi, District Solan, Himachal Pradesh.	0.9	0.9	-	0.9	Direct
20	Installation of Water ATM Machines	Safe Drinking Water	Baddi Bus-stand, near PWD office, Nalagarh, District Solan, Himachal Pradesh	0.7	0.7	-	0.7	Direct
21	Support to Primary Health Centre	Healthcare	Upper Mamring, South Sikkim	0.2	0.2	-	0.2	Direct
22	Renovation of Kaizaley school	Promoting education	Kaizaley, South Sikkim	0.3	0.3	-	0.3	Direct
23	Water supply connection at Rangpo Bazar Junior High School	Promoting Education and Safe Drinking Water	Rangpo Bazar, East Sikkim	0.1	0.1	-	0.1	Direct
24	Renovation of Rangpo Hospital	Promoting healthcare	Rangpo, East Sikkim	1.4	1.0	-	1.0	Direct
25	Construction of Public Toilets	Sanitation	Rangpo Bazar, East Sikkim	1.8	0.3	-	0.3	Direct
26	Cleanliness drives	Sanitation	Kursa Gram Sudhar Samiti, Kumrek, Sikkim	0.1	0.1	-	0.1	Direct
27	Mineral Water Treatment Plant	Safe Drinking Water	Brahmin Faliya and Desai Faliya, Kachigam, Daman	0.2	0.1	-	0.1	Direct
28	Construction of public Toilet	Sanitation	Kanchal Faliya, Kachigam, Daman	0.3	0.3	-	0.3	Direct
Total					**30.1**	**-**	**30.1**	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

   During the financial year 2015-16, your Company's main focus area has been to identify suitable projects which benefit the society at large commensurate with the policy and framework developed during the previous year for CSR interventions. During the year, your company has identified increased number of projects within its CSR policy and framework and accordingly has increased its CSR expenditure from the previous year. The projects identified by your Company have medium and long term impact which will be implemented in a structured and streamlined manner in the years ahead with an emphasis on high quality and excellence

   The shortfall in CSR funding for the financial year 2015-16 is on account of a considerable time spent on conceptualization, development and identification of regulatory compliant and sustainable projects, meeting the internal requirements of the company within the focused/identified areas.

   Going forward with the policies and framework in place, your Company's mission would be to strengthen its initiatives in exploring more appropriate CSR models and will endeavor to increase its CSR activities in the coming years.

7. The CSR Committee hereby confirms that the implementation of CSR activities is in compliance with the CSR Objectives and CSR Policy of your Company.

Samprada Singh
Chairman Emeritus

Ranjal Laxmana Shenoy
Chairman, CSR Committee

Date: 27th May, 2016
Place: Mumbai

ANNEXURE C

POLICY FOR NOMINATION & REMUNERATION COMMITTEE OF ALKEM LABORATORIES LIMITED

Alkem Laboratories Limited ("Company") has constituted a Nomination and Remuneration Committee ("Committee") in its Board meeting held on 30th January, 2015 as per the terms and conditions provided in Section 178 of the Companies Act, 2013 and other applicable provisions. As per the provisions, the Company is required to frame a policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

1. Objective of the Policy

The policy is framed with the objective(s)

1. That based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the Industry, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and talented managerial personnel of the quality required to run the Company successfully and to ensure long term sustainability and create competitive advantage.
2. That the remuneration to Directors, Key Managerial Personnel (KMP) and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

2. Functions of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and employees who may be appointed in key managerial position, senior management in accordance with the criteria laid down, recommend to the Board their appointment, remuneration and removal, including succession planning.
2. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors, including Board diversity.
3. Devise framework to ensure that Directors are inducted through suitable familiarization process alongwith criteria for evaluation of Independent Directors and the Board and to provide for reward(s) linked directly to their effort, performance.
4. Decide / approve details of fixed components and performance linked incentives along with the performance criteria.
5. Such other functions as may be decided in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Chairman of the Nomination and Remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

3. Applicability

This Policy is applicable to:

1. Directors viz. Executive, Non-Executive and Independent
2. Key Managerial Personnel ("KMP")
3. Senior Management Personnel
4. Other Employees of the Company

4. Matters relating to the remuneration, perquisites for the Whole-time /Executive / Managing Director

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time /Executive/ Managing Directors will be recommended by the Committee and approved by the Board. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.
3. Increments to the Whole Time Director(s) should be within the slabs approved by the shareholders. Increments will be effective 1st April in respect of a Whole Time Director as well as in respect of other employees of the Company, unless otherwise decided.

5. Removal

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or one level below KMP subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

6. Retirement

The Director, KMP and one level below the KMP shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. Employment of the services of the Director, KMP, Senior Management Personnel as consultants after their retirement would be at the sole discretion of the Board.

7. Remuneration to Non-Executive / Independent Director

7.1. Sitting Fees

The Resident Non-Executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is to be paid to Non-resident Non-Executive Directors. The quantum of sitting fees will be determined as per the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

7.2. Profit-linked Commission

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 2% of the net profits of the Company computed as per the applicable provisions of the Regulations.

7.3. Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

8. Remuneration to KMP, Senior Management Personnel and Other Employees

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

The Chief Executive Officer of the Company will make organisation-wide annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.

If the remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors under any Regulations, then such approval will be accordingly sought.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes. The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

ANNEXURE D

STATEMENT OF PARTICULARS AS PER SECTION 197(12) READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Ratio of the remuneration of each Director and Key Managerial Personnel (KMP) to the median remuneration of the employees of the Company and also percentage increase in the remuneration of Directors and KMPs in the financial year 2015-16:

a. Directors

(₹ in Million)

Sl. No.	Name of the Director and Designation	Remuneration of Director for the financial year ended 31st March, 2016	% increase in the remuneration in the financial year ended 31st March, 2016	Ratio of the remuneration of each Director to the median remuneration of the employees
Non-Executive Directors				
1.	Mr. Samprada Singh	126.0	47%	587
Independent Directors				
2.	Mr. Mangaldas Chhaganlal Shah	1.2	650%	5.6
3.	Mr. Akhouri Maheshwar Prasad	1.2	#	5.7
4.	Mr. Ranjal Laxmana Shenoy	1.5	#	7.0
5.	Mr. Arun Kumar Purwar	1.1	#	5.1
6.	Ms. Sudha Ravi	1.2	$	5.6
7.	Ms. Sangeeta Singh	1.2	$	5.6
Executive Directors				
8.	Mr. Basudeo N. Singh	86.9	1%	405
9.	Mr. Dhananjay Kumar Singh	35.0	136%	163
10.	Mr. Sandeep Singh	32.8	163%	153
11.	Mr. Balmiki Prasad Singh	27.1	172%	126
12.	Mr. Mritunjay Kumar Singh	32.0	&	149

b. KMP

(₹ in Million)

Sl. No.	Name of the Key Managerial Personnel and Designation	Remuneration of Key Managerial Personnel for the financial year ended 31st March, 2016	% increase in the remuneration in the financial year ended 31st March, 2016
1.	Mr. Prabhat Agrawal, Chief Executive Officer	58.7	#
2.	Mr. Rajesh Dubey, Chief Financial Officer	12.6	40%
3.	Mr. Manish Narang, Company Secretary	11.8	128%

Appointed during the financial year 2014-15.
$ Appointed during the financial year 2015-16.
& Drew remuneration for part of the financial year 2014-15.

i) The median remuneration of employees of the Company during the financial year ended 31st March, 2016 was ₹ 0.2 million.

ii) During the financial year ended 31st March, 2016, the median remuneration of employees increased by 12.9%.

iii) As on 31st March, 2016, the Company had 10,468 permanent employees on its rolls.

iv) Relationship between average increase in the remuneration and performance of the Company:
The average increase in employee remuneration was 21.1%* and average increase in performance of the Company was 73.6%.

While approving the Annual Increments, the Company inter- alia considers aspects like inflation rate, prevailing industry trends, performance of the concerned employee

and that of the Company as against the defined targets. Profit After Tax (PAT) for the financial year ended 31st March, 2016 increased by 73.6% and the median remuneration by 12.9%.
*excluding directors remuneration

v) Comparison of remuneration of the KMPs against the performance of the Company:

While PAT rose by 73.6% from ₹ 3676.9 million in financial year 2014-15 to ₹ 6384.4 million in financial year 2015-16, the total remuneration of KMPs rose 71.7%@ from Rs. 14.2 million@ in financial year 2014-15 to Rs. 24.4 million@ in financial year 2015-16.

@ - Mr. Prabhat Agrawal, CEO, was appointed during the financial year 2014-15 and hence the total remuneration and percentage increase in the total remuneration of KMPs does not include his remuneration.

vi) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Sr. No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
1	Market Capitalisation	BSE - 163,385.57 Million	N.A.
		NSE - 162,183.94 Million	N.A.
2	Price Earnings Ratio	BSE – 24.27#	N.A.
		NSE – 24.09#	N.A.

based on Consolidated Earning per Share

Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Market price as on 31st March, 2016	₹ 1366.5 *
Price at which public issue was made in December 2015	₹ 1050
% increase of the Market price over the price at which public issue was made	30.1%

* Closing price of ordinary shares at BSE Ltd. has been used for the above table.

The Company came with an Initial Public Offer in December, 2015 at the price of ₹ 1,050 per equity share of ₹ 2/- each. As on 31st March, 2016, the closing price of the Company's share of ₹ 2/- each was ₹ 1366.5 on BSE Limited and ₹ 1356.5 on The National Stock Exchange of India Limited.

vii) During the financial year 2015-16, there was an average 21.2% increase in the salaries of employees other than the KMP. Remuneration of the KMPs rose by 71.7%@ which was in line with prevailing industry benchmark and trends, the volume of the Company's business and profits earned by it and the substantial responsibilities that the KMPs shoulder in the Company. During the financial year 2015-16, the KMPs were also paid one time IPO bonus as an incentive to reward the KMPs for the successful IPO of the Company.

@ - Mr. Prabhat Agrawal, CEO, was appointed during the financial year 2014-15 and hence the percentage increase in the total remuneration of KMPs does not include his remuneration.

viii) The key parameters for any variable component of remuneration availed by the Directors:

During the financial year 2015-16, Mr. Samprada Singh, Chairman Emeritus and Non-Executive Director was entitled commission based on the profits of the Company and his performance as per the terms of his appointment and in accordance with the provisions of Section 197 and Section 198 of the Companies Act, 2013. No other Director was entitled to variable pay during the year.

ix) During the financial year ended 31st March, 2016, there was no employee, who is not a director of the Company and received remuneration in excess of the highest paid director of the Company.

x) We affirm that the remuneration paid is as per the Remuneration policy of the Company.

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Date: 27th May, 2016
Place: Mumbai

ANNEXURE E

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[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,
Alkem Laboratories Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Alkem Laboratories Limited** (CIN: U00305MH1973PLC174201) and having its registered office at Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

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

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

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

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (effective up to 14th May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May 2015);
   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the company during the audit period);**
   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the audit period);**
   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(applicable to the company from 23rd December 2015 onwards);**
   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the company during the audit period);**
   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the company during the audit period);** and
   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 2015 **(applicable to the company from 23rd December 2015 onwards);**

(vi) Drugs & Cosmetics Act, 1940; Food Safety & Standards Act, 2006; Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 including the rules and regulations made under these Acts; and Drugs

(Prices Control) Order, 2013 issued under Essential Commodities Act, 1955 being laws that are specifically applicable to the Company based on their sector/ industry.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (effective from 1st July, 2015);

(ii) The Listing Agreements entered into by the Company. **(Not applicable to the company during the audit period)**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards etc. mentioned above and in respect of laws specifically applicable to the company based on their sector/industry, in so far as requirement relating to licencing, submission of returns etc. based on test checking.

We further report that

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period:

1. the company adopted a new set of Articles of Association in line with the provisions of the Companies Act, 2013 with the approval of the Members by way of Special Resolution passed at the 41st Annual General Meeting held on July 13, 2015;
2. the company made an Initial Public Offering (IPO) by way of an Offer for Sale by selling shareholders of 1,28,53,442 (including Anchor Portion of 37,66,358) equity shares of ₹ 2/- each, vide Prospectus dated 15th December 2015, for cash at a price of ₹ 1050/- per share;
3. pursuant to the IPO as aforesaid, 11,95,65,000 equity shares of ₹ 2/- each of the company were listed at BSE Ltd. and National Stock Exchange of India Ltd. on 23rd December 2015;
4. the Board of Directors of the company at their meeting held on 28th September, 2015, declared an interim dividend of ₹ 3/- per share subject to dividend distribution tax in respect of 11,95,65,000 equity shares of face value of ₹ 2/- each for the financial year 2015-16; and
5. the Board of Directors of the company at their meeting held on 9th March 2016, declared second interim dividend of ₹ 9.70 per share subject to dividend distribution tax in respect of 11,95,65,000 equity shares of face value of ₹ 2/- each for the financial year 2015-16.

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

For **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner
M. No. FCS 6252 C.P. No. 3531

Date: 27th May 2016
Place: Mumbai

'ANNEXURE A' OF THE SECRETARIAL AUDIT REPORT

To,

The Members,
Alkem Laboratories Limited
Mumbai

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

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

3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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

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

For **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner
M. No. FCS 6252 C.P. No. 3531

Date: 27th May 2016
Place: Mumbai

ANNEXURE F

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2016
Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS

i	CIN	U00305MH1973PLC174201
ii	Registration Date	8th August, 1973
iii	Name of the Company	Alkem Laboratories Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/ Non-Govt Company
v	Address of the Registered office & contact details	Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 Contact Details - 022 3982 9999
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. Add: C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078. Contact Details: 022 2594 6970

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Pharmaceutical	99611730	97.3%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Enzene Biosciences Limited Add: No.101, III Phase, Peenya Industrial Area, Bangalore, Karnataka-560058	U24232KA2006PLC040295	Subsidiary	100%	2(87)
2	Cachet Pharmaceuticals Private Limited Add: Exhibition Road, P.S- Gandhi Maidan , Patna, Bihar - 800001	U24230BR1978PTC001328	Subsidiary	51%	2(87)
3	Indchemie Health Specialities Private Limited Add: 510-517 Shah & Nahar Industrial Estate Dr. E Moses Road, Worli, Mumbai -400 018	U24230MH1986PTC039692	Subsidiary	51%	2(87)
4	Alkem Laboratories (NIG) Limited Add:14A, Tinubu Road, Lagos, Nigeria.	N.A.	Subsidiary	100%	2(87)
5	Alkem Laboratories (Pty) Ltd Add: Route 21, Corporate Park, 33 Sovereign Drive, Irene Ext.31, Gauteng 0157 South Africa	N.A.	Subsidiary	100%	2(87)

Sl. No.	Name & Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
6	Alkem Laboratories Corporation Add: 5th Floor, 135 Dela Rosa Street corner Legaspi Street, Legaspi Village, Makati City, Phillipines	N.A.	Subsidiary	100%	2(87)
7	Alkem Pharma GmbH Add: Gutenbergstraße 13, 24941 Flensburg, Germany	N.A.	Subsidiary	100%	2(87)
8	S & B Holdings B V Add: Naritaweg 165, Teletone 8, 1043 BW Amsterdam, Netherlands	N.A.	Subsidiary	100%	2(87)
9	Pharmacor Pty Limited Add: Suite 1, 307-317 Condamine St, Manly Vale, NSW 2093, Australia	N.A.	Subsidiary	100%	2(87)
10	ThePharmaNetwork LLC Add: 180 Summit Avenue, Suit 200, Montvale, NJ 07645, USA	N.A.	Step down Subsidiary	100%	2(87)
11	Ascend Laboratories Sdn Bhd Add: RDL Corporate Services Sdn Bhd, 16th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia	N.A.	Subsidiary	100%	2(87)
12	Ascend Laboratories SpA Add: avda. Andres Bello, Las Condes, City of Santiago, Chile	N.A.	Subsidiary	100%	2(87)
13	Pharmacor Limited Add: Twiga Towers, Third Fl, P O Box 27859 00100, Nairobi, Republic of Kenya	N.A.	Subsidiary	100%	2(87)
14	The PharmaNetwork LLP Add: 404/67/9 House, Seyfullin ave., Corner of Mametova str., Almalinskiy district, Almaty, 050004, Republic of Kazakhstan	N.A.	Subsidiary	100%	2(87)
15	Alkem Laboratories Korea ,Inc Add: 6, Gaepo-ro 26-gil, Gangnam-gu, Seoul, South Korea	N.A.	Subsidiary	100%	2(87)
16	S&B Pharma Inc, Delaware US Add: 405 South Motor Avenue, Azusa, California 91702, U.S.A.	N.A.	Subsidiary	100%	2(87)
17	Ascend Laboratories (UK) Ltd Add: 5th Floor, 89 New Bond Street, London WS1 1DA, United Kingdom	N.A.	Subsidiary	100%	2(87)
18	Ascend Laboratories LLC 180 Summit Avenue, Suite 200, Montvale, New Jersey 07645, USA	N.A.	Step down Subsidiary	100%	2(87)

IV (I) SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
(1) Indian									
a) Individual/HUF	0	84730100	84730100	70.87	79845665	0	79845665	66.78	-4.09
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0.00
c) Bodies Corporates	0	0	0	0	0	0	0	0	0.00
d) Bank/FI	0	0	0	0	0	0	0	0	0.00
e) Any other	0	0	0	0	0	0	0	0	0.00
Sub Total:(A) (1)	**0**	**84730100**	**84730100**	**70.87**	**79845665**	**0**	**79845665**	**66.78**	**-4.09**
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0.00
b) Other Individuals	0	0	0	0	0	0	0	0	0.00
c) Bodies Corporates	0	0	0	0	0	0	0	0	0.00
d) Banks/FI	0	0	0	0	0	0	0	0	0.00
e) Any other	0	0	0	0	0	0	0	0	0.00
Sub Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**0**	**84730100**	**84730100**	**70.87**	**79845665**	**0**	**79845665**	**66.78**	**-4.09**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0	3827398	0	3827398	3.20	3.20
b) Banks/FI	0	0	0	0	21446	0	21446	0.02	0.02
c) Central Government	0	0	0	0	0	0	0	0	0.00
d) State Government	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIIs	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)									
Foreign Portfolio Investor	0	0	0	0	4294415	0	4294415	3.59	3.59
Sub Total (B)(1):	**0**	**0**	**0**	**0**	**8143259**	**0**	**8143259**	**6.81**	**6.81**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	0	0	0	0	1564841	0	1564841	1.31	1.31
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	27452468	0	27452468	22.96	22.96
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	0	34834900	34834900	29.13	2260786	6	2260792	1.89	-27.24
c) Others (specify)									
Trusts	0	0	0	0	5137	0	5137	0.00	0.00
Foreign Nationals	0	0	0	0	144	0	144	0.00	0.00
Hindu Undivided Family	0	0	0	0	183346	0	183346	0.15	0.15
Non Resident Indians (Non Repat)	0	0	0	0	18479	0	18479	0.02	0.02

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indians (Repat)	0	0	0	0	29035	0	29035	0.02	0.02
Clearing Members	0	0	0	0	61834	0	61834	0.05	0.05
Sub Total (B)(2):	**0**	**34834900**	**34834900**	**29.13**	**31576070**	**6**	**31576076**	**26.41**	**-2.72**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**0**	**34834900**	**34834900**	**29.13**	**39719329**	**6**	**39719335**	**33.22**	**4.09**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	**0**	**119565000**	**119565000**	**100.00**	**119564994**	**6**	**119565000**	**100.00**	**0.00**

* Promoter includes promoter group

(ii) Shareholding of Promoters

Sl No.	Shareholders Name	Shareholding at the begginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Samprada Singh	4992520	4.18	-	4992520	4.18	-	0.00
2	Samprada Singh HUF	150800	0.13	-	150800	0.13	-	0.00
3	Balmiki Prasad Singh	6215760	5.20	-	6257355	5.23	-	0.03
4	Manju Singh	1324600	1.11	-	1324600	1.11	-	0.00
5	Sarandhar Singh	1744000	1.46	-	1812000	1.52	-	0.06
6	Srinivas Singh	1744000	1.46	-	1812000	1.52	-	0.06
7	Satish Kumar Singh	3382760	2.83	-	3395704	2.84	-	0.01
8	Prem Lata Singh	1012200	0.85	-	1012200	0.85	-	0.00
9	Sarvesh Singh	1591600	1.33	-	1659600	1.39	-	0.06
10	Annapurna Singh	1591600	1.33	-	1591600	1.33	-	0.00
11	Sandeep Singh	1591600	1.33	-	1652867	1.38	-	0.05
12	Inderjit Arora	1591600	1.33	-	1599400	1.34	-	0.01
13	Basudeo N Singh	9528600	7.97	-	8405950	7.03	-	-0.94
14	Rekha Singh	4654800	3.89	-	3459150	2.89	-	-1.00
15	Dhananjay Kumar Singh	5698260	4.77	-	5766260	4.82	-	0.06
16	Madhurima Singh	2904240	2.43	-	2974159	2.49	-	0.06
17	Divya Singh	1195650	1.00	-	1195650	1.00	-	0.00
18	Aniruddha Singh	1195650	1.00	-	1195650	1.00	-	0.00
19	Mritunjay Kumar Singh	5698260	4.77	-	5776760	4.83	-	0.07
20	Seema Singh	2904240	2.43	-	2937740	2.46	-	0.03
21	Meghna Singh	1195650	1.00	-	1197650	1.00	-	0.00
22	Shrey Shreeanant Singh	1195650	1.00	-	1195650	1.00	-	0.00
23	Archana Singh	1198400	1.00	-	2394050	2.00	-	1.00
	Total	**64302440**	**53.78**	**-**	**63759315**	**53.33**	**-**	**-0.45**

(iii) Change In Promoters' Shareholding

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For Each of the Shareholders	No. of Shares at the beginning of the year (01.04.2015)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	4992520	4.18	01.04.2015				
				-	-	-		
				31.03.2016	-	-	4992520	4.18
2	Basudeo N. Singh	9528600	7.97	01.04.2015				
				24.07.2015	-1195650	Transfer to Ms. Archana Singh	8332950	6.97
				28.03.2016	29000	Market Purchase	8361950	6.99
				29.03.2016	44000	Market Purchase	8405950	7.03
				31.03.2016	-	-	8405950	7.03
3	Balmiki Prasad Singh	6215760	5.20	01.04.2015				
				18.03.2016	41595	Market Purchase	6257355	5.23
				31.03.2016	-	-	6257355	5.23
4	Dhananjay Kumar Singh	5698260	4.77	01.04.2015				
				24.12.2015	68000	Market Purchase	5766260	4.82
				31.03.2016	-	-	5766260	4.82
5	Mritunjay Kumar Singh	5698260	4.77	01.04.2015				
				24.12.2015	1550	Market Purchase	5699810	4.77
				28.12.2015	73450	Market Purchase	5773260	4.83
				29.12.2015	1000	Market Purchase	5774260	4.83
				22.02.2016	1500	Market Purchase	5775760	4.83
				24.02.2016	498	Market Purchase	5776258	4.83
				25.02.2016	2	Market Purchase	5776260	4.83
				26.02.2016	500	Market Purchase	5776760	4.83
				31.03.2016	-	-	5776760	4.83
6	Sandeep Singh	1591600	1.33	01.04.2015				
				24.12.2015	61267	Market Purchase	1652867	1.38
				31.03.2016	-	-	1652867	1.38
7	Samprada Singh HUF	150800	0.13	01.04.2015				
				-	-	-		
				31.03.2016	-	-	150800	0.13
8	Manju Singh	1324600	1.11	01.04.2015				
				-	-	-		
				31.03.2016	-	-	1324600	1.11
9	Sarandhar Singh	1744000	1.46	01.04.2015				
				24.12.2015	68000	Market Purchase	1812000	1.52
				31.03.2016	-	-	1812000	1.52
10	Srinivas Singh	1744000	1.46	01.04.2015				
				24.12.2015	68000	Market Purchase	1812000	1.52
				31.03.2016	-	-	1812000	1.52
11	Satish Kumar Singh	3382760	2.83	01.04.2015				
				28.12.2015	12944	Market Purchase	3395704	2.84
				31.03.2016	-	-	3395704	2.84
12	Premlata Singh	1012200	0.85	01.04.2015				
				-	-	-		
				31.03.2016	-	-	1012200	0.85
13	Sarvesh Singh	1591600	1.33	01.04.2015				
				24.12.2015	68000	Market Purchase	1659600	1.39
				31.03.2016	-	-	1659600	1.39

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For Each of the Shareholders	No. of Shares at the beginning of the year (01.04.2015)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
14	Annapurna Singh	1591600	1.33	01.04.2015				
				-	-	-		
				31.03.2016	-	-	1591600	1.33
15	Inderjit Arora	1591600	1.33	01.04.2015				
				24.12.2015	7000	Market Purchase	1598600	1.34
				22.02.2016	800	Market Purchase	1599400	1.34
				31.03.2016	-	-	1599400	1.34
16	Rekha Singh	4654800	3.89	01.04.2015				
				21.12.2015	-1195650	Offer for sale	3459150	2.89
				31.03.2016	-	-	3459150	2.89
17	Madhurima Singh	2904240	2.43	01.04.2015				
				24.12.2015	35000	Market Purchase	2939240	2.46
				29.03.2016	34919	Market Purchase	2974159	2.49
				31.03.2016	-	-	2974159	2.49
18	Divya Singh	1195650	1.00	01.04.2015				
				-	-	-		
				31.03.2016	-	-	1195650	1.00
19	Annirudha Singh	1195650	1.00	01.04.2015				
				-	-	-		
				31.03.2016	-	-	1195650	1.00
20	Seema Singh	2904240	2.43	01.04.2015				
				28.12.2015	20000	Market Purchase	2924240	2.45
				29.12.2015	13500	Market Purchase	2937740	2.46
				31.03.2016	-	-	2937740	2.46
21	Meghna Singh	1195650	1.00	01.04.2015				
				28.12.2015	2000	Market Purchase	1197650	1.00
				31.03.2016	-	-	1197650	1.00
22	Shrey Shreeanant Singh	1195650	1.00	01.04.2015				
				-	-	-		
				31.03.2016	-	-	1195650	1.00
23	Archana Singh	1198400	1.00	01.04.2015				
				24.07.2015	1195650	Transfer from Mr. Basudeo N Singh	2394050	2.00
				31.03.2016	-	-	2394050	2.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For Each of the Shareholders	No. of Shares at the beginning of the year (01.04.2015)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Jayanti Sinha	8573000	7.17	01.04.2015				
				21.12.2015	-1434780	Offer for sale	7138220	5.97
				31.03.2016	-	-	7138220	5.97
2	Nawal Kishore Singh	6702360	5.61	01.04.2015				
				21.12.2015	-2391300	Offer for sale	4311060	3.61
				31.03.2016	-	-	4311060	3.61
3	Prabhat N Singh	4144400	3.47	01.04.2015				
				21.12.2015	-414440	Offer for sale	3729960	3.12
				31.03.2016	-	-	3729960	3.12
4	Rajesh Kumar	4502400	3.77	01.04.2015				
				21.12.2015	-1196865	Offer for sale	3305535	2.76
				31.03.2016	-	-	3305535	2.76
5	Rajeev Ranjan	4038000	3.38	01.04.2015				
				21.12.2015	-997658	Offer for sale	3040342	2.54
				31.03.2016	-	-	3040342	2.54
6	Deepak Kumar Singh	3038450	2.54	01.04.2015				
				21.12.2015	-303845	Offer for sale	2734605	2.29
				31.03.2016	-	-	2734605	2.29
7	Kishore Kumar Singh	3032850	2.54	01.04.2015				
				21.12.2015	-303285	Offer for sale	2729565	2.28
				31.03.2016	-	-	2729565	2.28
8	Lalan Kumar Singh	3012820	2.52	01.04.2015				
				21.12.2015	-301282	Offer for sale	2711538	2.27
				31.03.2016	-	-	2711538	2.27
9	Tushar Kumar	2475200	2.07	01.04.2015				
				21.12.2015	-247520	Offer for sale	2227680	1.86
				31.03.2016	-	-	2227680	1.86
10	Anju Singh	2962200	2.48	01.04.2015				
				21.12.2015	-1195650	Offer for sale	1766550	1.48
				31.03.2016	-	-	1766550	1.48

(v) Shareholding of Directors & KMP

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2015)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	4992520	4.18	01.04.2015				
				-	-	-		
				31.03.2016	-	-	4992520	4.18
2	Basudeo N. Singh	9528600	7.97	01.04.2015				
				24.07.2015	-1195650	Transfer to Ms. Archana Singh	8332950	6.97
				28.03.2016	29000	Market Purchase	8361950	6.99
				29.03.2016	44000	Market Purchase	8405950	7.03
				31.03.2016	-	-	8405950	7.03
3	Balmiki Prasad Singh	6215760	5.20	01.04.2015				
				18.03.2016	41595	Market Purchase	6257355	5.23
				31.03.2016	-	-	6257355	5.23

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2015)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
4	Dhananjay Kumar Singh	5698260	4.77	01.04.2015				
				24.12.2015	68000	Market Purchase	5766260	4.82
				31.03.2016	-	-	5766260	4.82
5	Mritunjay Kumar Singh	5698260	4.77	01.04.2015				
				24.12.2015	1550	Market Purchase	5699810	4.77
				28.12.2015	73450	Market Purchase	5773260	4.83
				29.12.2015	1000	Market Purchase	5774260	4.83
				22.02.2016	1500	Market Purchase	5775760	4.83
				24.02.2016	498	Market Purchase	5776258	4.83
				25.02.2016	2	Market Purchase	5776260	4.83
				26.02.2016	500	Market Purchase	5776760	4.83
				31.03.2016	-	-	5776760	4.83
6	Sandeep Singh	1591600	1.33	01.04.2015				
				24.12.2015	61267	Market Purchase	1652867	1.38
				31.03.2016	-	-	1652867	1.38
7	Mangaldas Chhaganlal Shah	0	0.00	01.04.2015				
				31.03.2016	-	-	0	0.00
8	Ennapadam N. Shankar (ceased to be a director w.e.f. 15.06.2015)	0	0.00	01.04.2015				
				31.03.2016	-	-	0	0.00
9	Akhouri Maheshwar Prasad	0	0.00	01.04.2015				
				31.03.2016	-	-	0	0.00
10	Ranjal Laxmana Shenoy	0	0.00	01.04.2015				
				31.03.2016	-	-	0	0.00
11	Arun Kumar Purwar	0	0.00	01.04.2015				
				31.03.2016	-	-	0	0.00
12	Sangeeta Singh	0	0.00	01.04.2015				
				31.03.2016	-	-	0	0.00
13	Sudha Ravi	0	0.00	01.04.2015				
				31.03.2016	-	-	0	0.00
14	Prabhat Agrawal (CEO)	0	0.00	01.04.2015				
				21.12.2015	210	Subscription in IPO	210	0.00*
				31.03.2016	-	-	210	0.00*
15	Rajesh Dubey (CFO)	0	0.00	01.04.2015				
				21.12.2015	210	Subscription in IPO	210	0.00*
				31.03.2016	-	-	210	0.00*
16	Manish Narang (Company Secretary and Compliance Officer)	0	0.00	01.04.2015				
				21.12.2015	210	Subscription in IPO	210	0.00*
				29.12.2015	76	Market Purchase	286	0.00*
				22.02.2016	106	Market Purchase	392	0.00*
				31.03.2016	-	-	392	0.00*

* negligible

V INDEBTEDNESS

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	8,832.3	2,193.0	-	11,025.3
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.3	-	-	3.3
Total (i+ii+iii)	**8,835.6**	**2,193.0**	**-**	**11,028.6**
Change in Indebtedness during the financial year				
Additions	158,899.3	234,984.8	-	393,884.1
Reduction	165,924.4	235,181.2	-	401,105.6
Net Change	**-7,025.1**	**-196.4**	**-**	**-7221.5**
Indebtedness at the end of the financial year				
i) Principal Amount	1,808.7	1,995.6	-	3,804.3
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.8	-	-	2.8
Total (i+ii+iii)	**1,811.5**	**1,995.6**	**-**	**3,807.1**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Million)

Sl. No	Particulars of Remuneration	Name of the Director					Total
		Mr. Basudeo N. Singh	Mr. Dhananjay Kumar Singh	Mr. Sandeep Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh	
1	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	75.4	30.8	30.8	24.6	30.8	192.4
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.0*	0.0*	0.0*	0.0*	-	0.2
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	as % of profit	-	-	-	-	-	-
	others (Seperation Commission)	-	-	-	-	-	-
5	Others(Perquisites and Employer Contribution)	11.4	4.1	2.0	2.5	1.2	21.2
	Total (A)	**86.9**	**35.0**	**32.8**	**27.1**	**32.0**	**213.7**
	Ceiling as per the Act						746.0

*negligible

B. Remuneration to other directors:

(₹ in Million)

Sl. No	Particulars of Remuneration		Name of Independent Directors						
1	**Independent Directors**		**Mangaldas Chaganlal Shah**	**Akhouri Maheshwar Prasad**	**Ranjal Laxmana Shenoy**	**Arun Kumar Purwar**	**Sudha Ravi**	**Sangeeta Singh**	**Total**
	(a) Fee for attending Board and Committee meetings		0.20	0.14	0.44	0.12	0.14	0.14	1.18
	(b) Commission		1.00	1.00	1.00	1.00	1.00	1.00	6.00
	(c) Others, please specify	Fees for attending General meetings	0.02	0.02	0.02	0.02	0.02	0.02	0.12
	Total (1)		**1.22**	**1.16**	**1.46**	**1.14**	**1.16**	**1.16**	**7.30**
2	**Other Non Executive Directors**		**Mr. Samprada Singh**						
	(a) Fee for attending Board and Committee meetings		-						
	(b) Commission		126.0						
	(c) Others, please specify.		-						
	Total (2)		**126.0**						
	Total (B)=(1+2)		133.3						
	Total Managerial Remuneration (A+B)		**347.0**						
	Overall Ceiling as per the Act.		Sitting fees paid to the Independent Directors was within the ceiling limit as prescribed under the Companies Act, 2013.						
			Commission paid to Non-Executive Directors (including Independent Directors) was within the ceiling limit approved by the Shareholders of the Company i.e. ₹ 149.19 Million (2% of the Net Profits of the Company)						

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

(₹ in Million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO: Mr. Prabhat Agrawal	**Company Secretary: Mr Manish Narang**	**CFO: Mr. Rajesh Dubey**	**Total**
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	47.4	9.2	9.3	65.9
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	0.0*	0.1	0.1
	(c) Profits in lieu of salary u/s 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	-	-	-	-
	Perquisites and Employer Contribution to PF)	2.1	1.0	0.8	3.9
	Performance-linked Incentive Pay	9.2	1.6	2.4	13.2
	Total	**58.7**	**11.8**	**12.6**	**83.1**

*negligible

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)	Appeall made if any (give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Section 297 of Companies Act, 1956	The Company had failed to obtain prior approval of the Central Government before entering into transactions with associate companies in which Directors of the Company were interested as members / directors of the contractee parties during the period from 2005-2006 to 2013-2014.	₹ 2,00,000	Company Law Board	N.A.
	Section 58A of the Companies Act, 1956 read with Rule 10 of Companies (Acceptance of Deposits) Rules, 1975	The Company had accepted deposits from its members but had failed to file Return of Deposit with Registrar of Companies for the period from 01.04.2005 to 31.03.2015.	₹ 50,000	Company Law Board	N.A.
	Section 58A of the Companies Act, 1956 read with Rule 4/4A of Companies (Acceptance of Deposits) Rules, 1975	The Company had accepted deposits from its members during the period from 2005-2006 to 2014-2015 without filing Statement in Lieu of Advertisement.	₹ 50,000	Company Law Board	N.A.
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding (Managing Director)	Section 297 of Companies Act, 1956	The Company had failed to obtain prior approval of the Central Government before entering into transactions with associate companies in which Directors of the Company were interested as members / directors of the contractee parties during the period from 2005-2006 to 2013-2014.	₹ 1,00,000	Company Law Board	N.A.
	Section 58A of the Companies Act, 1956 read with Rule 10 of Companies (Acceptance of Deposits) Rules, 1975	The Company had accepted deposits from its members but had failed to file Return of Deposit with Registrar of Companies for the period from 01.04.2005 to 31.03.2015.	₹ 25,000	Company Law Board	N.A.
	Section 58A of the Companies Act, 1956 read with Rule 4/4A of Companies (Acceptance of Deposits) Rules, 1975	The Company had accepted deposits from its members during the period from 2005-2006 to 2014-2015 without filing Statement in Lieu of Advertisement.	₹ 25,000	Company Law Board	N.A.

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeall made if any (give details)
C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding (Company Secretary)	Section 297 of Companies Act, 1956	The Company had failed to obtain prior approval of the Central Government before entering into transactions with associate companies in which Directors of the Company were interested as members / directors of the contractee parties during the period from 2005-2006 to 2013-2014.	₹ 50,000	Company Law Board	N.A.
	Section 58A of the Companies Act, 1956 read with Rule 10 of Companies (Acceptance of Deposits) Rules, 1975	The Company had accepted deposits from its members but had failed to file Return of Deposit with Registrar of Companies for the period from 01.04.2005 to 31.03.2015.	₹ 10,000	Company Law Board	N.A.
	Section 58A of the Companies Act, 1956 read with Rule 4/4A of Companies (Acceptance of Deposits) Rules, 1975	The Company had accepted deposits from its members during the period from 2005-2006 to 2014-2015 without filing Statement in Lieu of Advertisement.	₹ 10,000	Company Law Board	N.A.

ANNEXURE G

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE DETAILS

[Pursuant to the Companies (Accounts) Rules, 2014]

(A) CONVERSATION OF ENERGY

1. Energy Conservation Measures taken

Energy Conservation continues to receive top priority in the Company. The energy consumptions are monitored, maintenance systems have improved and distribution losses are reduced.

Specific Energy Conservation measures taken during financial year 2015-16 are as follows:

i. All CFL & sodium lights are replaced with LED lights in the Manufacturing Plant located at Baddi .
ii. Motion sensors have been installed at all low movement areas in the Manufacturing Plant located at Kumrek, Sikkim.
iii. Improved the capacity of capacitor panel, resulting in 0.99 power factor.
iv. Improved the efficiency of Boilers due to usage of more efficient fuel.
v. Installed boiler feed water as a condensate recovery of plant, resulting in boiler feed water temperature more than 85 degree Celsius and the efficiency has been improved up to 85 %.
vi. Variable Frequency Drive (VFD) Installation:- On all motors above 5 Horsepower, VFD has been installed. After the VFD installation, motor runs on variable Revolution per minute (RPM) according to the environmental condition.
vii. Auto Tube Brushing (ATB):- ATB is installed on four Chillers. This results in saving the power consumed by the chillers.
viii. Auto Blow Down (ABD):- ABD has been installed on all boilers which results in increase in efficiency of the boilers.

2. Steps taken by the Company for utilizing the alternate sources of energy:

All CFL street lights in the Manufacturing Plant located at Baddi have been replaced with Solar Based lights.

3. The capital investment on Energy Conservation equipment:

(₹ In Million)

Sr. No.	Particulars	Amount
1)	Smart Solar LED Lights	0.6
2)	LED Lights	1.9
3)	VFD	3.1
4)	ATB	3.5
5)	ABD	0.3
Total		**9.4**

(B) TECHNOLOGY ABSORPTION

1. Efforts, in brief, made towards technology absorption

i. Development and patenting of new molecular forms and methods of synthesis.
ii. Development of new drug delivery systems.

2. Benefits derived as a result of the above efforts:

i. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
ii. Meeting norms of external regulatory agencies to facilitate more exports.
iii. Improvements in effluent treatment, pollution control and all-round safety standards.
iv. Maximum utilization of indigenous raw materials.
v. Development of products for import substitution.

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

(i) Granurex GXR-95 (the conical rotor insert):

(a) The details of technology imported:
The Company imported this technology from USA. This equipment is manufactured by Freund Vector and is used for the powder layering on pellets. This technology is useful in achieving drug layering at much faster rate as compared to conventional techniques, which in turn increases production efficiency;

(b) The year of import: 2015-16;

(c) Whether the technology has been fully absorbed: No;

(d) If not, areas where absorption has not taken place and the reasons thereof: Implementation is in process.

(ii) High Speed Rotary Tablet Press Courtoy Performa™ P with MUPS feeding system:

(a) The details of technology imported:
The Company imported this press to increase process yield and enhance the tablet quality, an innovative new MUPS production method which works on a continuous dosing, blending and compression system. This technology increases the production efficiency and reduces the product quality risks;

(b) The year of import: 2015-16;
(c) Whether the technology has been fully absorbed: No;
(d) If not, areas where absorption has not taken place and the reasons thereof: Implementation is in process.

(iii) Korsch Compression Machine:
(a) The details of technology imported: Compression Machine which is monolayer as well as bilayer;
(b) The year of import: 2015-16;
(c) Whether the technology has been fully absorbed: No;
(d) If not, areas where absorption has not taken place and the reasons thereof: Under installation.

(iv) Gea Compression Machine:
(a) The details of technology imported: Gea Compression Machine for infusion of micro tablet into capsule for min tablet of 2.2 mm diameter;
(b) The year of import: 2015-16;
(c) Whether the technology has been fully absorbed: No;
(d) If not, areas where absorption has not taken place and the reasons thereof: Machine is yet to be received.

4. Expenditure on R & D

(₹ in Million)

Sr. No.	Particulars	2015-16	2014-15
(i)	Capital	207.6	196.6
(ii)	Recurring	1,917.4 (excluding depreciation of ₹ 102.7 Million)	1,423.8 (excluding depreciation of ₹ 89.3 Million)
Total		**2,124.9**	**1,620.3**
Total R & D expenditure as percentage to total turnover		5.38 %	5.10%

(C) FOREIGN EXCHANGE EARNING AND OUTGO

(₹ In Million)

	2015-16	2014-15
Foreign Exchange earned	6,563.3	3,516.1
Foreign Exchange used	1,471.4	1,134.4

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Date: 27th May, 2016
Place: Mumbai

Corporate Governance Report

(1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to good corporate governance. The Company respects the rights of its shareholders to obtain information on the performance of the Company. Its endeavour has always been to maximize the long term value to the shareholders of the Company. The Company places great emphasis on principles such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all stakeholders and society in general. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Regulation 34(3) and Schedule V of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("SEBI LODR Regulations")

(2) BOARD OF DIRECTORS

The present strength of the Board of Directors of your company is twelve (12) directors.

Composition of the Board is in conformity with Regulation 17 of SEBI LODR Regulations read with Section 149 of the Companies Act, 2013 ("Act"). The names and categories of Directors are as follows:

Category	Name of Directors	Inter-se relationship between Directors
Promoter, Non-Executive and Non-Independent Director	Mr. Samprada Singh (Chairman Emeritus)	Father of Mr. Balmiki Prasad Singh, Grandfather of Mr. Sandeep Singh
Promoter Executive Directors	Mr. Basudeo N. Singh (Executive Chairman)	Father of Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh
	Mr. Dhananjay Kumar Singh (Joint Managing Director)	Son of Mr. Basudeo N. Singh and Brother of Mr. Mritunjay Kumar Singh
	Mr. Sandeep Singh (Joint Managing Director)	Grandson of Mr. Samprada Singh
	Mr. Mritunjay Kumar Singh (Executive Director)	Son of Mr. Basudeo N. Singh and Brother of Mr. Dhananjay Kumar Singh
	Mr. Balmiki Prasad Singh (Executive Director)	Son of Mr. Samprada Singh
Non-Executive Independent Directors	Mr. Arun Kumar Purwar	N.A.
	Mr. Ranjal Laxmana Shenoy	N.A.
	Mr. Akhouri Maheshwar Prasad	N.A.
	Mr. Mangaldas Chhaganlal Shah	N.A.
	Ms. Sangeeta Singh*	N.A.
	Ms. Sudha Ravi*	N.A.
	Mr. Ennapadam N. Shankar#	N.A.

* Appointed w.e.f. 29th June, 2015
\# Resigned w.e.f. 15th June, 2015

Shareholding of Non-Executive Directors

As on 31st March, 2016, Mr. Samprada Singh, Chairman Emeritus and Non-Executive Director held 4,992,520 Equity Shares in the share capital of the Company. None of the other Non-Executive Directors held any Equity Shares of the Company.

As required under Schedule IV of the Act, the Company has issued formal letters of appointment to the Independent Directors. The terms & conditions of their appointment are posted pursuant to Regulation 46(2)(b) of the SEBI LODR Regulations, on the Company's website and can be accessed at http://www.alkemlabs.com/admin/Photos/Policies/29729Terms%20of%20Appointment%20-%20Independent%20Directors%20(1).pdf

Board Meetings

Five Board meetings were held during the year. The dates on which the meetings were held during the year ended 31st March, 2016 are as follows:

29th June, 2015, 28th September, 2015, 20th November, 2015, 12th February, 2016 and 9th March, 2016.

The Board also passed resolutions by circulation dated 12th January, 2016.

In accordance with the provisions of Schedule IV of Companies Act, 2013 ("the Act") and SEBI LODR Regulations, a separate meeting of the Independent Directors of the Company was held on 9th March, 2016 to review the performance of Non-Independent Directors (including the Chairpersons) and the entire Board. The Independent Directors also reviewed the quality, quantity and timelines of the flow of information between the Management and the Board.

Attendance of each Director at the Board meetings, last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director, are given below:

Name of Director	Attendance Particulars for the year ended 31st March, 2016			*No. of other Directorships and Committee Memberships / Chairmanships as of 31st March, 2016		
	Board Meetings held during the director's tenure	Board Meetings attended	Last AGM held on 13th July, 2015	Other Directorships	Committee Memberships #	Committee Chairmanships #
Mr. Samprada Singh	5	5	Yes	0	0	0
Mr. Basudeo N. Singh	5	5	Yes	1	0	0
Mr. Dhananjay Kumar Singh	5	5	Yes	0	0	0
Mr. Sandeep Singh	5	3	No	1	0	0
Mr. Mritunjay Kumar Singh	5	4	Yes	1	1	0
Mr. Balmiki Prasad Singh	5	3	Yes	0	0	0
Mr. Arun Kumar Purwar	5	5	Yes	9	6	3
Mr. Ranjal Laxmana Shenoy	5	5	Yes	2	3	1
Mr. Akhouri Maheshwar Prasad	5	5	Yes	1	1	0
Mr. Mangaldas Chhaganlal Shah	5	5	Yes	0	0	0
Ms. Sangeeta Singh	5	5	Yes	4	3	0
Ms. Sudha Ravi	5	4	Yes	1	2	0
Mr. Ennapadam N. Shankar$	0	0	No	N.A.	N.A.	N.A.

* The above list of other directorships does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 8 Companies.

The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committee of public companies only.

$ Mr. Ennapadam N. Shankar resigned as a Director of the Company w.e.f. 15th June, 2015.

Familiarization Programme

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. At Board and Committee Meetings, the Independent Directors are on regular basis familiarized with the business model, regulatory environment in which it operates, strategy, operations, functions, policies and procedures of the Company and its subsidiaries. Independent Directors were invited to attend conferences held with objectives to guide corporate directors in carrying governance and compliance responsibilities amidst complex demands placed upon by the Act and SEBI LODR Regulations. The Familiarization Programme formulated by the Company for Independent Directors has been uploaded on the Company's website, the web link for which is http://www.alkemlabs.com/admin/Photos/Policies/973052158Directors%20Familiarisation%20Programme.pdf

(3) CODE OF CONDUCT

All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to the effect signed by the Chief Executive Officer has been annexed to the Corporate Governance Report. The Code of Conduct has been posted on the website of the Company, the web link for which is http://www.alkemlabs.com/admin/Photos/Policies/993521810CODE%20OF%20BUSINESS%20CONDUCT%20AND%20ETHICS%20FOR%20SENIOR%20MANAGEMENT.pdf

(4) PREVENTION OF INSIDER TRADING CODE

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted Code of Conduct for Fair disclosure of unpublished price sensitive information and Regulating, Monitoring and Reporting of Trading by Insiders. All the Directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Board of Directors has appointed Mr. Manish Narang, Senior Vice President – Legal, Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(5) AUDIT COMMITTEE

The present constitution of the audit committee of the Company is as follows:

Name of the director	Designation in the committee
Mr. Ranjal Laxmana Shenoy	Chairman
Ms. Sudha Ravi	Member
Mr. Mritunjay Kumar Singh	Member
Ms. Sangeeta Singh	Member

Mr. Manish Narang, Senior Vice President - Legal, Company Secretary and Compliance Officer is the secretary of the audit committee.

Brief Terms of reference of the audit committee:

1. Oversight of the company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the company and the fixation of audit fee;

3. Review and monitor the statutory auditor's independence and performance and effectiveness of audit process;

4. Approval of payment to statutory auditors for any other services rendered by them;

5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   i. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
   ii. Changes, if any, in accounting policies and practices and reasons for the same;
   iii. Major accounting entries involving estimates based on exercise of judgment by the management;
   iv. Significant adjustments made in the financial statements arising out of audit findings;
   v. Compliance with listing and other legal requirements relating to financial statements;
   vi. Disclosure of any related party transactions; and
   vii. Modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

10. Discussion with internal auditors of any significant findings and follow up there on;

11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

13. To review the functioning of the whistle blower mechanism;

14. Approval of appointment of the chief financial officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;

15. To investigate any activity within its terms of reference;

16. Approval or any subsequent modification of transactions of the company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

17. Scrutiny of inter-corporate loans and investments;

18. Valuation of undertakings or assets of the company, wherever it is necessary;

19. Evaluation of internal financial controls and risk management systems; and

The Audit Committee also reviews the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor;
6. Statement of deviations:
   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI LODR Regulations.
   (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI LODR Regulations.

Audit Committee Meetings

Audit Committee meetings are held at least four times a year and the time-gap between two meetings is not more than 120 days, which is in compliance with Regulation 18(2) of the SEBI LODR Regulations. During the year, four Audit Committee meetings were held, viz. on 29th June, 2015, 28th September, 2015, 20th November, 2015 and 11th February, 2016 and the attendance of Members at which, was as follows:

Sr. No.	Name of the Member	No. of Meetings held during the director's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	4	4
b.	Ms. Sudha Ravi$	3	2
c.	Mr. Mritunjay Kumar Singh	4	3
d.	Ms. Sangeeta Singh*	1	1
e.	Mr. Mangaldas Chhaganlal Shah#	1	1

$Appointed as a Member w.e.f. 29th June, 2015.
*Appointed as a Member w.e.f. 20th November, 2015.
#Member upto 29th June, 2015.

(6) NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has constituted the Nomination and Remuneration Committee in its meeting held on 30th January, 2015 in line with the provisions of Regulation 19 of SEBI LODR Regulations read with Section 178 of the Act. The present constitution of the Nomination and Remuneration Committee is as follows:

Name of the director	Designation in the committee
Mr. Arun Kumar Purwar	Chairman
Mr. Akhouri Maheshwar Prasad	Member
Mr. Basudeo N. Singh	Member
Ms. Sangeeta Singh	Member

Brief Terms of reference of the Nomination and Remuneration Committee:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Recommend to the Board the appointment and reappointment of directors;

(c) Formulation of criteria for evaluation of independent directors and the Board;

(d) Devising a policy on Board diversity;

(e) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The remuneration policy is disclosed in the Board's Report.;

(f) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(g) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(h) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Nomination and Remuneration Committee Meetings

During the year, Nomination and Remuneration Committee met once on 29th June, 2015, and the attendance was as under:

Sr. No.	Name of the Member	No. of Meetings held during the director's tenure	No. of Meetings Attended
a.	Mr. Arun Kumar Purwar*	0	0
b.	Mr. Akhouri Maheshwar Prasad	1	1
c.	Mr. Basudeo N. Singh*	0	0
d.	Ms. Sangeeta Singh*	0	0
e.	Mr. Samprada Singh#	1	0
f.	Mr. Mangaldas Chhaganlal Shah#	1	1

* Appointed w.e.f. 29th June, 2015
# Member upto 29th June, 2015

Evaluation of Performance

Pursuant to the provisions of Section 134(3)(p), Schedule IV of the Act read with Regulations 17 of the SEBI LODR Regulations, the Board adopted a formal evaluation process of its performance during the year as well as that of its committees, the individual Directors, Chairman and the Independent Directors. The Independent Directors assessed the executive directors on the basis of the contributions made by such Directors in the achievement of business targets, development and successful execution of the business plans, their management of relationship with the Members of the Board of Directors (the "Board") and management personnel as well as creating a performance culture to drive value creation.

The Executive Chairman of the Company was assessed on the basis of his contribution in the growth of the Company by his strategic directions on the expansion, diversification and business plans as well as successful execution of business plans and managing the relationship with the members of the Board and management.

The Independent Directors were assessed by taking into account their objective independent judgement on the Board deliberations, overall contribution and engagement in the growth of the Company, their active role in monitoring the effectiveness of Company's Corporate Governance practices and adherence to the code of conduct.

Based on the conclusions drawn on the evaluation of the Board and the Directors, it is expected that Board and the Directors will continue to play an even more meaningful role in the enhancement of shareholder value in the ensuing years.

(7) REMUNERATION OF DIRECTORS

(a) Details of the Pecuniary relationship or transactions of the Non-Executive Directors of the Company:

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The details of remuneration paid to Non-Executive Directors for the financial year 2015-16 are as under:

(₹ In Million)

Name	Sitting Fees*	Commission	Other Perquisites	Total
Mr. Samprada Singh	-	126.0	-	126.0
Mr. Ranjal Laxmana Shenoy	0.5	1.0	-	1.5
Mr. Arun Kumar Purwar	0.1	1.0	-	1.1
Mr. Akhouri Maheshwar Prasad	0.2	1.0	-	1.2
Mr. Mangaldas Chhaganlal Shah	0.2	1.0	-	1.2
Ms. Sudha Ravi	0.2	1.0	-	1.2
Ms. Sangeeta Singh	0.2	1.0	-	1.2

* excluding Service Tax and includes sitting fees paid for attending Annual General Meeting of the Company held on 13th July, 2015.

- The Commission payable to the Non-Executive Directors is decided by the Board of Directors of the Company within the limits stipulated by the Special Resolution passed at the Extra Ordinary General Meeting of the Members held on 16th March, 2015. The amount of Commission payable to Mr. Samprada Singh was decided by the Board on the basis of the role and responsibility as Chairman Emeritus of the Board and overall financial performance of the Company.

- Except reimbursement of expenses, dividend on Equity Shares held, if any, by the Non-Executive Directors, and the amount of sitting fees and commission as stated above no other payments have been made or transactions of a pecuniary nature entered into by the Company with the Non-Executive Directors.

(b) Criteria of making payments to Non- Executive Directors (NEDs)

The NEDs play a crucial role to the independent functioning of the Board. NEDs bring in external and wider perspective to the decision-making by the Board. They provide leadership and strategic guidance, while maintaining objective judgment. The NEDs also help the Company in ensuring that all legal requirements and corporate governance are complied with and well taken care of.

The responsibilities and obligations imposed on the NEDs have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

Remuneration to the NEDs:

Sitting fees

Non-executive directors are paid a sitting fee of ₹ 20,000/- for every meeting of the Board and/or committee thereof attended by them.

Commission

Pursuant to the resolution passed by the shareholders of the Company on 16th March, 2015, the Board of Directors is authorised to pay commission to the NEDs and Independent Directors subject to a maximum limit of 2% of the net profits of the Company for each financial year. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive/ Independent Directors based on their attendance and contribution to the Board and Committee meetings as well as time spent on operational matters other than at meetings.

Apart from sitting fees and commission referred to above and reimbursement of travelling and stay expenses for their attending the Board and committee meetings, no payment by way of bonus, pension, incentives etc. is made to any of the NEDs.

(c) Details of Remuneration to Executive Directors:

The Executive Directors are paid remuneration in accordance with the limits prescribed under the Companies Act, 2013 and Remuneration Policy of the Company. The approvals of the Board of Directors, Shareholders and Central Government are obtained, as and when necessary. Details of remuneration paid to the Executive Directors during the financial year 2015-16 are as follows:

(₹ In Million)

Terms of Remuneration	Name of Directors				
	Mr. Basudeo N. Singh	Mr. Dhananjay. Kumar Singh	Mr. Sandeep Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh
Salary & Other Allowances	75.4	30.8	30.8	24.6	30.8
Contribution to Provident Fund	8.4	1.2	1.2	0.9	1.2
Perquisites	3.1	3.0	0.9	1.6	-
Performance Linked Incentive	-	-	-	-	-
Total	**86.9**	**35.0**	**32.8**	**27.1**	**32.0**

Service Contracts, Severance Fees and Notice Period

The appointment of the Executive Chairman, Joint Managing Directors and other Executive Directors is subject to the provisions of the Act and is governed by the Articles of Association of the Company and the Resolution passed by the Board of Directors and Members of the Company which cover the terms and conditions of such appointment.

In terms of the Articles of Association, Managing Director(s) / Executive Director(s) shall be subject to the provisions of any contract between him and the Company and also subject to the same provisions as to resignation and removal as the other Directors of the Company. If he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s) / Executive Director(s), and vice versa. There is no separate provision for payment of severance

fee under the resolutions governing the appointment of Executive Chairman, Joint Managing Directors and other Executive Directors.

Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme for its Directors and Employees.

(8) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors of the Company has constituted a Stakeholders' Relationship Committee in line with the provisions of Regulation 20 of SEBI LODR Regulations read with Section 178 of the Act at its meeting held on 29th June, 2015. The present constitution of the Stakeholders' Relationship Committee is as follows:

Name of the director	Designation in the committee
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Sandeep Singh	Member
Mr. Mangaldas Chhaganlal Shah	Member

Mr. Manish Narang, Senior Vice President - Legal and Company Secretary was appointed as a Compliance Officer of the Company under Regulation 6 of SEBI LODR Regulations, in the meeting of the Board of Directors held on 12th February, 2016.

Terms of reference of Stakeholders' Relationship Committee

(a) Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends, Annual Reports of the Company or any other documents or information to be sent by the Company to its shareholders etc.

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and rematerialization of shares, split and issue of duplicate/consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;

(d) Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, and other related matters as may be assigned by the board of directors; and

(e) Carrying out any other function as prescribed under the SEBI LODR Regulations.

Stakeholders' Relationship Committee Meetings

During the year, Stakeholders' Relationship Committee met twice on 12th January, 2016 and 11th February, 2016 and the attendance was as under:

Sr No.	Name of the Member	No. of meetings held during director's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	2	2
b.	Mr. Dhananjay Kumar Singh	2	2
c.	Mr. Sandeep Singh	2	2
d.	Mr. Mangaldas Chhaganlal Shah	2	2

Investor Complaints

During the financial year ended 31st March, 2016, 834 complaints were received from shareholders, out of which 830 complaints were attended/resolved.

(9) GENERAL BODY MEETINGS

(i) Location and time of the last three Annual General Meetings (AGM) held are as follows:

Year	Meeting	Location	Date	Time	Special Resolutions passed
2012-13	39th AGM	Alkem House, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013.	30th September, 2013	11.00 A.M.	1. Re-appointment of Mr. Samprada Singh as Whole Time Director designated as Chairman. 2. Re-appointment of Mr. Basudeo N. Singh as Whole Time Director designated as Managing Director. 3. Appointment of Mr. Sarandhar Singh as Director-Marketing & Sales. 4. Appointment of Mr. Srinivas Singh as Director-Marketing & Sales.

Year	Meeting	Location	Date	Time	Special Resolutions passed
2013-14	40th AGM	Alkem House, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013.	18th August, 2014	11.00 A.M.	1. Re-appointment of Mr. Samprada Singh as Whole Time Director designated as Chairman 2. Re-appointment of Mr. Basudeo N. Singh as Whole Time Director designated as Managing Director
2014-15	41st AGM	Mayfair Banquets, 254-C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	13th July, 2015	12.00 noon	1. Adoption of new set of Articles of Association of the Company

(ii) Extraordinary General Meeting (EGM)

No Extraordinary General Meeting was held during the financial year.

(iii) Details of Special Resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern

During the financial year 2015-16, no special resolution has been passed through the exercise of postal ballot, nor is any special resolution proposed to be passed through postal ballot till the date of ensuing AGM to be held on 2nd September, 2016.

(10) MEANS OF COMMUNICATION

The Company, from time to time and as may be required, communicates with its shareholders and investors through multiple channels of communications such as dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website. The unaudited quarterly results are announced within forty-five days from the end of the quarter. The audited annual results are announced within sixty days from the closure of financial year as required under SEBI LODR Regulations. The aforesaid financial results are communicated to the Stock Exchanges within thirty minutes from the close of Board Meeting at which these were considered and approved. The results are generally published in Business Standard. The Marathi translation of the same is published in Mumbai Lakshadweep, which is a regional daily newspaper.

The audited financial statements form part of the Annual Report which is sent to the Members within the statutory period and well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly and the yearly financial statements and the press releases of the Company are also disseminated on the Company's website www.alkemlabs.com and can be downloaded.

The presentations on the performance of the Company are placed on the Company's website immediately after these are communicated to the Stock Exchanges for the benefit of the Institutional Investors and analysts and other shareholders. The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI LODR Regulations including material information having a bearing on the performance / operations of the listed entity or other price sensitive information. All information is filed electronically on BSE's online Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), on-line portal of The National Stock Exchange of India Limited.

All disclosures made to the stock exchanges are also available on the Company's website.

Facility has been provided by SEBI for investors to place their complaints / grievances on a centralized web-based complaints redressal system viz. SEBI Complaints Redress System (SCORES). The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

(11) GENERAL SHAREHOLDER INFORMATION

(a) The 42nd Annual General Meeting of the Members of the Company will be held on Friday, 2nd September, 2016 at 10.30 A.M. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.

(b) Financial year: 1st April, 2015 to 31st March, 2016

(c) Dividend payment date
First Interim dividend for the financial year 2015-16 was paid on 28th September, 2015 and the second interim dividend was paid on 23rd March, 2016.

(d) Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the annual listing fees has been paid to each of such Stock Exchanges:

Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialized shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	INE540L01014
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	ALKEM	

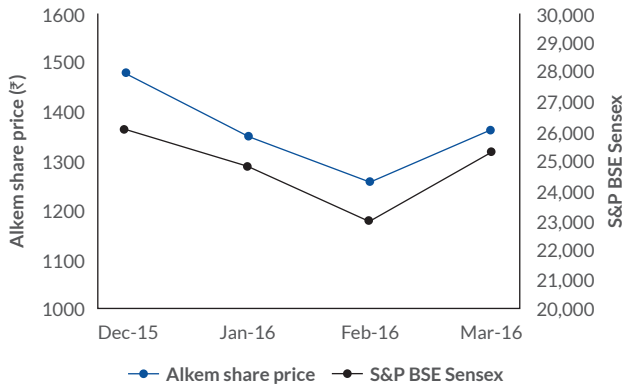
(e) Market Price data

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of Shares Traded	High Price (₹)	Low Price (₹)	Number of Shares Traded
December 2015	1,544.00	1,355.40	48,28,323	1,543.95	1,356.20	2,12,12,511
January 2016	1,589.00	1,281.25	17,89,640	1,588.90	1,281.00	72,51,470
February 2016	1,429.00	1,232.00	5,40,592	1,430.90	1,227.00	21,16,106
March 2016	1,421.00	1,262.00	2,86,379	1,421.00	1,261.15	14,26,294

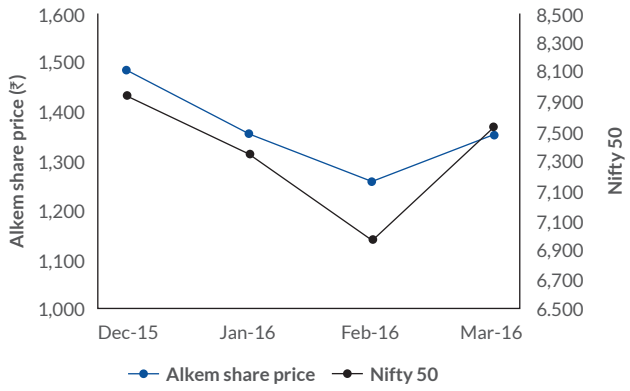
(f) Performance in comparison to broad based indices

Month	BSE		NSE	
	Alkem share price (₹)	S&P BSE Sensex	Alkem share price (₹)	Nifty 50
December 2015	1483.65	26,117.54	1,485.25	7946.35
January 2016	1355.25	24,870.69	1,358.80	7563.55
February 2016	1262.5	23,002.00	1,264.65	6987.05
March 2016	1366.5	25,341.86	1,356.45	7738.4

BSE



NSE



(g) Registrar to an issue and share transfer agents:

Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 are Company's Registrar and Share Transfer Agent and their registration number is INR000004058

(h) Share Transfer System

Shares in physical form sent for transfer are registered and returned by our Registrars and Share Transfer Agents within 15 days of receipt of the documents, provided the documents are found to be in order.

(i) Distribution of shareholding

Distribution of shareholding as on 31st March, 2016

Shareholding of Nominal Shares	No. of Folios	% of Total	Total No. of Shares	% of Total
1-500	85,912	99.36	18,95,147	1.58
501-1000	208	0.24	1,55,118	0.13
1001-2000	109	0.13	1,62,531	0.14
2001-3000	29	0.03	72,453	0.06
3001-4000	25	0.03	90,776	0.08
4001-5000	15	0.02	68,767	0.06
5001-10000	35	0.04	2,65,350	0.22
Above 10000	130	0.15	11,68,54,858	97.73
Total	**86,463**	**100.00**	**11,95,65,000**	**100.00**
Physical Mode	**2**	**0.00***	**6**	**0.00***
Electronic Mode	**86,461**	**99.99**	**11,95,64,994**	**99.99**

* Negligible

Shareholding Pattern as on 31st March, 2016

Category	Total Shares	Total Percent
Clearing Member	61,834	0.06
Other Bodies Corporate	15,64,841	1.31
Financial Institutions	12,126	0.01
Foreign Institutional Investor	35,48,150	2.97
Hindu Undivided Family	1,83,346	0.15
Mutual Fund	38,27,398	3.20
Nationalised Banks	8,124	0.01
Non Nationalised Banks	1,196	0.00*
Foreign Nationals	144	0.00*
Non Resident Indians	29,035	0.02
Non Resident (Non Repatriable)	18,479	0.02
Public	2,97,13,260	24.85
Promoters	7,98,45,665	66.78
Trusts	5,137	0.00*
Foreign Portfolio Investor (Corporate)	7,46,265	0.62
Total	**11,95,65,000**	**100**

* Negligible

(j) Dematerialization of shares and liquidity

About 99.99% of the Equity Shares of the Company have been de-materialized up to 31st March, 2016. During the year, six shares were re-materialized in physical mode.

(k) Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practising Company Secretary (PCS) with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The PCS Certificate in regard to the same is submitted to BSE Limited and The National Stock Exchange of India Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

(l) The Company has no outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments as on 31st March, 2016.

(m) Foreign Currency Hedging Activities

The Board of Directors of the Company has approved a "Foreign Currency Hedging Policy" to manage the treasury risks of the Company within its risk appetite, which is derived from the business exigency and corporate policy. The Hedging activities of the Company shall be a mix of Natural Hedges, Forwards and Options so that risk can be minimized while capturing opportunity wherever possible.

(n) Plant Locations

1. Kachigam, Daman, India.
2. Dabhel, Daman, India.
3. Mandva, Gujarat, India.
4. Ankleshwar, Gujarat, India.
5. Baddi, Himachal Pradesh, India.
6. Kumrek, East Sikkim, India.
7. Samardung, South Sikkim, India.
8. California, U.S.A.
9. Missouri, U.S.A.
10. Indchemie Health Specialities Private Limited, Somnath, Daman, India.
11. Indchemie Health Specialities Private Limited, Amaliya, Daman, India.
12. Indchemie Health Specialities Private Limited, Baddi, Himachal Pradesh, India.
13. Indchemie Health Specialities Private Limited, Kumrek, East Sikkim, India.
14. Cachet Pharmaceuticals Private Limited, Baddi, Himachal Pradesh, India.

(o) Address for correspondence

Alkem Laboratories Limited, Alkem House,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.
Tel No: +91 22 3982 9999;
Fax No: +91 22 2492 7190

Communication by E-mail:

For transfer / transmission / subdivision / demat / loss of shares / dividend / general inquiries and investor grievance: investors@alkem.com

(12) DISCLOSURES

(a) Related Party Transactions

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length pricing basis. There were no transactions with related parties during the financial year which were in conflict with the interest of the Company. All related party transactions are periodically placed before the Audit Committee and the Board for review and approval, as appropriate. The details of related party transactions are discussed in notes to financial statements of this annual report. The policy on related party transaction has been placed on the Company's website and can be accessed through http://www.alkemlabs.com/admin/Photos/Policies/15915Policy%20on%20Related%20Party%20Transactions.pdf

(b) Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

(c) Whistle Blower Policy

The Company requires its Officers and Employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. For this purpose the Board of Directors of the Company has adopted "Whistle Blower Policy" to encourage and enable employees and volunteers of the Company to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy and to build and strengthen a culture of transparency and trust within the organization. The person making a report of the violation can keep his/her identity anonymous and choose to submit the violation report on a confidential basis. If an individual reasonably believes that a violation has occurred, the individual is encouraged to share his or her questions, concerns, suggestion or complaints to person designated by the Company. Specific telephone number and email ID is mentioned in the Whistle Blower policy. In addition to the above, under exceptional circumstances a complainant can complain directly to the Chairman of the Audit Committee. No personnel of the Company has been denied access to either the Designated Person or to the Audit Committee.

(d) No person in the Senior Management of the Company has reported any material, financial and commercial transaction, where they have any personal interest which may have any potential conflict with the interest of the Company.

(e) The Company has formulated Risk Management Plan and all the directors are informed about risk assessment and minimization procedures.

(f) Subsidiary Companies

The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through weblink http://www.alkemlabs.com/admin/Photos/Policies/1706572046Policy-on-Material-Subsidiary.pdf

(g) The Company does not undertake any Commodity hedging activities.

(13) COMPLIANCE WITH DISCRETIONARY REQUIREMENTS

i. Chairman Emeritus maintains chairperson's office at the Company's expense.
ii. Position of Chairman and Managing Director and Chief Executive Officer are separate.

iii. Internal Auditor directly reports to the Audit Committee.
iv. The Company's financial statement for the financial year ended 31st March, 2016 does not contain any modified audit opinion.
v. Half yearly and quarterly financial statements are published in the newspapers and are also posted on the company's website.

(14) There are no Equity Shares of the Company in the demat suspense or unclaimed suspense account.

(15) The Company has complied with the requirements specified in Regulations 17 to 27 and clauses B to I of Regulation 46 (2) of the SEBI LODR Regulations.

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
DIN: 00760279

Date: 27th May, 2016
Place: Mumbai

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Regulation 26(3) and Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Directors and the Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics as on 31st March, 2016.

For **Alkem Laboratories Limited**

Prabhat Agrawal
Chief Executive Officer

Date: 27th May, 2016
Place: Mumbai

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

A. We have reviewed financial statements and the cash flow statement of the Company for the financial year ended 31st March, 2016 and that to the best of our knowledge and belief:
   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by Company during the financial year ended 31st March, 2016 which are fraudulent, illegal or violative of the Company's code of conduct.

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

D. We have indicated to the Statutory Auditors and the Audit committee
   (1) significant changes in internal control over financial reporting during the financial year ended 31st March, 2016;
   (2) significant changes in accounting policies during the financial year ended 31st March, 2016 and that the same have been disclosed in the notes to the financial statements; and
   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 27th May, 2016
Place: Mumbai

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

To the Members of
Alkem Laboratories Limited

We have examined the compliance of conditions of corporate governance by Alkem Laboratories Limited ('the Company') for the year ended 31 March, 2016, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

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.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W – 100022

Sadashiv Shetty
Partner
Membership No: 048648

Date: 27th May, 2016
Place: Mumbai

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Independent Auditor's Report

The Members of
Alkem Laboratories Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Alkem Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

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

(e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.27(a)(1) to the standalone financial statements;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2016.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
27 May 2016

Annexure - A
to the Independent Auditors' Report – 31 March 2016

(Referred to in our report of even date)

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

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(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, as disclosed in Note 2.10 to the financial statements, are held in the name of the Company, except for the following:

Particulars	Freehold Land	Building
Number of cases	2	5
Gross block as at 31 March 2016 (₹ In million)	22.2	705.9
Net block as at 31 March 2016 (₹ In million)	22.2	604.7

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. For inventory lying with third parties at the year-end, written confirmations have been obtained. 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) According to the information and explanations given to us, 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. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, with respect to the investments made and securities given in respect of loan taken by the subsidiaries.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income- tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at 31 March 2016 which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not

defaulted in repayment of dues to its bankers. The Company does not have any loans or borrowings from financial institutions or Government, nor has it issued any debentures during the year.

(ix) The Company has completed the Initial Public Offering (IPO) through an offer for sale of equity share by the existing shareholders during the year. Accordingly the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. And therefore paragraph 3(ix) of the Order is not applicable to the Company.

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

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

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

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
27 May 2016

Enclosure I to Annexure A to the Independent Auditors' Report – 31 March 2016

Name of the Statute	Nature of dues	Amount under dispute (₹ in millions)	Amount paid under protest (₹ in millions)	Financial year / year (s)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty	60.2	14.5	2003-2014	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	2.2	0.2	2010-2016	Commissioner of Central Excise (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	6.4	3.5	2003-2005	Appellate Tribunal
Maharashtra VAT Act, 2002	Value Added Tax	283.2	4.1	2005-2011	Joint Commissioner of Sales Tax (Appeals)
West Bengal VAT Act, 2003	Value Added Tax	9.0	1.3	2010-2013	Senior Joint Commissioner of Commercial Tax
Bihar VAT Act, 2005	Value Added Tax	71.0	14.8	2010-2012	Joint commissioner Commercial Taxes (Appeals)
Uttar Pradesh VAT Act, 2008	Value Added Tax	1.7	0.4	2012-2013	Commercial Tax Tribunal, Lucknow
Odisha VAT Act, 2004	Value Added Tax	0.5	0.0 *	2012-2014	Commissioner of Commercial Taxes
Gujarat VAT Act, 2003	Value Added Tax	0.1	-	2006-2007	Deputy Commissioner of Commercial Tax (Appeal)
Odisha Entry Tax Act, 1999	Entry Tax	0.2	0.0 **	2012-2014	Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	349.7	0.1	2009-2011	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	372.5	55.9	2012-2013	Senior Joint Commissioner of Commercial Tax
Central Sales Tax Act, 1956	Central Sales Tax	0.4	0.0 ***	2012-2014	Commissioner of Commercial Taxes
Income Tax Act, 1961	Income Tax	6.1	-	2001-2012	Commissioner of Income Tax (Appeal)

* ₹ 34,961

** ₹ 10,130

*** ₹ 25,254

Annexure - B

To the Independent Auditor's Report – 31 March 2016 on Standalone Financial Statements

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Alkem Laboratories Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
27 May 2016

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Balance Sheet

as at 31st March, 2016

(₹ in million)

Particulars	Note No.	As At 31 March 2016	As At 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	239.1	239.1
Reserves and surplus	2.2	35,327.9	30,771.1
		35,567.0	**31,010.2**
Deferred Government Grant		31.0	35.8
Non-Current Liabilities			
Long-term borrowings	2.3	-	281.3
Deferred tax liabilities (net)	2.4	759.2	685.1
Long-term provisions	2.5	659.7	565.1
		1,418.9	**1,531.5**
Current Liabilities			
Short-term borrowings	2.6	3,506.2	10,462.8
Trade payables	2.7		
Dues to Micro and Small Enterprises		240.2	27.6
Dues to Others		4,424.8	3,437.7
Other current liabilities	2.8	2,448.9	1,435.9
Short-term provisions	2.9	896.3	666.5
		11,516.4	**16,030.5**
Total		**48,533.3**	**48,608.0**
ASSETS			
Non-Current Assets			
Fixed assets	2.10		
Tangible assets		8,470.8	8,382.1
Intangible assets		276.1	322.5
Capital work-in-progress		1,465.5	958.9
Non-current investments	2.11	8,767.1	10,106.5
Long-term loans and advances	2.13	7,637.7	6,463.9
Other non-current assets	2.14	1,859.7	4,601.2
		28,476.9	**30,835.1**
Current Assets			
Current investments	2.12	1,944.2	599.1
Inventories	2.15	5,900.3	5,482.4
Trade receivables	2.16	4,804.4	3,750.1
Cash and bank balances	2.17	5,240.3	6,333.2
Short-term loans and advances	2.18	1,368.9	1,194.7
Other current assets	2.19	798.3	413.4
		20,056.4	**17,772.9**
Total		**48,533.3**	**48,608.0**
Significant Accounting Policies	1		
Notes to The Financial Statements	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner

Membership No. 048648

Mumbai
Date : 27 May, 2016

Samprada Singh
Chairman Emeritus
DIN No.00760279

B.N. Singh
Executive Chairman
DIN No.00760310

D.K.Singh
Joint Managing Director
DIN No.00739153

Sandeep Singh
Joint Managing Director
DIN No.01277984

B.P. Singh
Director
DIN No.00739856

M.K. Singh
Director
DIN No.00881412

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

P.V.Damodaran
VP - Business Finance

Mumbai
Date : 27 May, 2016

Statement of Profit and Loss

for the year ended 31st March, 2016

(₹ in million)

Particulars	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
INCOME:			
Revenue from operations (Gross)	2.20	40,633.0	32,540.7
Less: Excise Duty		1,386.1	1,165.1
Revenue from operations (Net)		**39,246.9**	**31,375.6**
Other income	2.21	1,605.2	1,821.3
Total revenue		**40,852.1**	**33,196.9**
EXPENSES:			
Cost of materials consumed	2.22	9,705.3	8,541.1
Purchases of stock-in-trade **(Refer Note 2.40(a))**		6,119.4	5,563.5
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.23	(340.6)	(116.2)
Employee benefits expense	2.24	6,816.2	5,605.8
Finance costs	2.25	533.0	726.3
Depreciation and amortisation	2.10	735.3	596.8
Other expenses	2.26	9,823.9	8,326.3
Total expenses		**33,392.5**	**29,243.6**
Profit before tax		**7,459.6**	**3,953.3**
TAX EXPENSE:			
Current tax		1,610.0	790.0
Minimum Alternate Tax (MAT) credit entitlement		(1,443.0)	(790.0)
MAT entitlement credit of earlier years written off **(Refer Note 2.44)**		834.1	175.1
Tax for the earlier years		-	25.3
Deferred tax charge		74.1	76.0
Total tax expense		**1,075.2**	**276.4**
Profit after tax for the year		**6,384.4**	**3,676.9**
Earnings per equity share (in ₹): Face Value of ₹ 2 each **(Refer Note 2.34)**			
Basic		53.40	30.75
Diluted		53.40	30.75
Significant Accounting Policies	1		
Notes to The Financial Statements	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner

Membership No. 048648

Mumbai
Date : 27 May, 2016

Samprada Singh
Chairman Emeritus
DIN No.00760279

B.N. Singh
Executive Chairman
DIN No.00760310

D.K.Singh
Joint Managing Director
DIN No.00739153

Sandeep Singh
Joint Managing Director
DIN No.01277984

B.P. Singh
Director
DIN No.00739856

M.K. Singh
Director
DIN No.00881412

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

P.V.Damodaran
VP - Business Finance

Mumbai
Date : 27 May, 2016

Cash Flow Statement

for the year ended 31st March, 2016

(₹ in million)

	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	**7,459.6**	**3,953.3**
	Adjustment for:		
	Depreciation and amortisation	735.3	596.8
	Provision for diminution in value of investments	(7.5)	(16.4)
	Profit on sale of investments (net)	(18.2)	(152.2)
	Loss on sale of fixed assets (net)	113.3	49.3
	Dividend income	(8.3)	(3.1)
	Income from investment in funds	(102.0)	(283.2)
	Interest income	(1,236.8)	(1,332.2)
	Interest expenses	533.0	726.3
	Bad Debts/Advances written off	119.2	84.3
	Provision for doubtful debts	147.4	4.3
	Government grant (amortised)/received	(4.8)	35.8
	Unrealised foreign currency (gain)/loss on revaluation (net)	(0.3)	0.1
	Rent and compensation received	(27.4)	(34.2)
	Subtotal of Adjustments	**242.9**	**(324.4)**
	Operating profit before working capital changes	**7,702.5**	**3,628.9**
	Changes in working capital:		
	Increase in trade receivables	(1,291.6)	(870.0)
	Increase in loans and advances and other current assets	(745.1)	(362.9)
	Increase in inventories	(417.9)	(436.8)
	Increase in trade payable and other liabilities	2,195.8	806.4
	Increase in provisions	325.2	706.2
	Subtotal of Adjustments	**66.4**	**(157.0)**
	Cash generated from operations	7,768.9	3,471.9
	Less: Direct taxes paid (net of refund)	1,470.8	1,056.4
	Net cash generated from operating activities	**6,298.1**	**2,415.5**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchases of fixed assets	(1,706.3)	(1,330.3)
	Sale of fixed assets	33.4	27.9
	Proceeds from investments (net)	327.0	1,017.9
	Proceeds from real estate fund	389.2	510.5
	Investments in subsidiaries (net of refund of share application money received)	(594.2)	(2,382.5)
	Redemption/(investments) of bank deposits having maturity of more than 3 months	3,142.5	(1,405.9)
	Dividend received	8.3	3.1
	Interest received	1,481.1	926.4
	Rent received	27.4	34.1
	Net Cash generated from/(used in) investing activities	**3,108.4**	**(2,598.7)**

Cash Flow Statement

for the year ended 31st March, 2016

(₹ in million)

	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment towards long-term borrowings (net)	(264.5)	(456.1)
	(Repayment)/proceeds from short-term borrowings (net)	(6,956.6)	2,010.6
	Dividends and corporate dividend tax paid	(1,827.0)	(566.8)
	Interest paid	(533.5)	(728.2)
	Net cash (used in)/generated from financing activities	**(9,581.6)**	**259.5**
D	**NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**(175.1)**	**76.3**
E	**CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR**	**249.5**	**173.0**
	Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	0.3	0.2
F	**CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR (D+E)**	**74.7**	**249.5**
	Notes:		
	1. Cash and cash equivalents include:		
	Cash on hand	3.9	6.9
	Cheques on hand	57.1	58.6
	Balance with banks	13.7	184.0
	Total cash and cash equivalents	**74.7**	**249.5**

Notes: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS-3) on Cash Flow Statement.

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner

Membership No. 048648

Mumbai
Date : 27 May, 2016

Samprada Singh
Chairman Emeritus
DIN No.00760279

B.N. Singh
Executive Chairman
DIN No.00760310

D.K.Singh
Joint Managing Director
DIN No.00739153

Sandeep Singh
Joint Managing Director
DIN No.01277984

B.P. Singh
Director
DIN No.00739856

M.K. Singh
Director
DIN No.00881412

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

P.V.Damodaran
VP - Business Finance

Mumbai
Date : 27 May, 2016

Notes

to the Standalone Financial Statements

NOTE-1: SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of Financial Statements:"

The accompanying financial statements have been prepared in compliance with the requirements of section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. The accounting policies adopted in preparation of the financial statement are consistent with those followed in the previous year unless otherwise stated.The Financial statement are prepared in Indian rupees rounded off to the nearest million.
Operating Cycle:
Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalence."

1.2 Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affects the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an on going basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Tangible Fixed Assets

a) Tangible Fixed Assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed assets comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

b) Cost of tangible fixed assets not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Capital Advance under Long Term Loans and Advances."

1.4 Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

1.5 Depreciation and Amortisation:

Depreciation is provided on a straight line basis for all assets. Depreciation is provided based on the useful life of assets. Pursuant to Schedule II of Companies Act, 2013, the remaining useful life has been revised wherever appropriate based on an evaluation by an independent valuer. The carrying amount as on April 01, 2014 is depreciated over the revised remaining useful life. Wherever the remaining useful life of the asset is NIL as per Schedule II, the carrying amount as on 1st April, 2014 is recognised in the Statement of Profit and Loss during the previous year ended 31 March 2015

Tangible Assets	Useful Life
Leasehold Land	Amortized over the period of Lease
Buildings	5 Years to 59 Years
Plant and Machinery	1 Years to 20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipments	3 Years to 6 Years

Notes

to the Standalone Financial Statements

Intangible Assets	Useful Life
Computer Software	3 Year to 6 Years
Trade Marks & Patents	5 Years

1.6 Impairment of Assets:

In accordance with AS 28 on 'Impairment of assets', the Company assesses at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs, exceeds it recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

1.7 Operating Leases

Assets taken/given on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease in accordance with the respective lease agreements.

1.8 Investments:

Long-Term investments are stated at cost which includes cost of acquisition and related expenses. Investments in equity/ordinary shares in foreign currency are stated at cost by converting at exchange rate prevailing at the time of acquisition. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary. Current Investments are carried at lower of cost and fair value. Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Non-current investments". Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets.

1.9 Inventories:

a) Raw Materials and Packing Materials are valued at lower of cost and net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work–in–Progress are valued at lower of cost and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. "

1.10 Revenue Recognition:

a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Sales are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.

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b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made

c) Income from research and product registration (dossiers) services and technology income is recognised as revenue when earned in accordance with the terms of the relevant agreements.

d) Dividend from investment is recognised as revenue when right to receive the payments is established.

e) Interest income is recognised on time proportionate basis.

f) Profit on disposal/ sale of Investments is recognised as income in the period in which the investment is sold/disposed off "

1.11 Export Incentives:

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collectiion.

1.12 Excise Duty and CENVAT:

In accordance with the method of accounting regularly employed by the Company, Cenvat has been accounted on the basis of "exclusive method" as recommended by the Institute of Chartered Accountants of India wherever applicable. Provision for excise duty has been made on goods lying in bonded warehouses.

1.13 Research and Development:

Revenue expenditure incurred on research and development is charged to the respective heads in the Statement of Profit and Loss, in the year it is incurred and capital expenditure there on is included in the respective heads under fixed assets.

1.14 Foreign Exchange Transactions:

a) Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognized in the Statement of profit and loss.

b) Exchange Differences arising on translation of short-term monetary items denominated in foreign currency are restated using the exchange rate prevailing as at the date of the Balance sheet and the resulting exchange difference is recognised in Statement of profit and loss.

c) The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

d) In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of Short-term monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognized in the Statement of profit and loss. Any profit/loss arising on cancellation of forward exchange contract is recognized as income or expense of the year. Premium/discount arising on such forward exchange contracts is amortised as income/ expense over the life of contract.

e) Foreign offices/branches: In respect of the foreign offices/branches, which are integral foreign operations, all revenues and expenses (except depreciation) during the year are reported at average rate. Monetary assets and liabilities are restated at the year-end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognised in the Statement of profit and loss."

1.15 Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss The Company's contribution towards provident fund and superannuation fund for certain eligible employees are considered to be defined contribution plan for which

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the Company made contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans: Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period of occurrence of such gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

b) Short term Employee Benefits: Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives."

1.16 Taxes on Income:

Income Tax is accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income". Tax expense comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant substantially enacted tax rates. At each balance sheet date the Company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain as the case may be supported by convincing evidence that they can be realised against future taxable profits .

1.17 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred

1.18 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis. A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs."

1.19 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive

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equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

1.20 Government Grants:

Government Grants of Capital nature received as cash subsidy is accounted as Capital Reserve in the year of its receipt or when there is a reasonable certainty of its being received. Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable certainty of its being received.

1.21 Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

1.22 Derivative Instruments

Any Loss arising out of marking of a class of derivative contracts to market price is recognised in the Statement of Profit and Loss. Income, if any, arising out of marking of a class of derivative contracts to market price is not recognised in the Statement of Profit and Loss.

NOTE-2: NOTES TO THE FINANCIAL STATEMENTS

NOTE-2.1 SHARE CAPITAL

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Authorised:		
250,000,000 equity shares of ₹ 2/- each (Previous Year 250,000,000 equity shares of ₹ 2/- each)	500.0	500.0
	500.0	**500.0**
Issued, Subscribed and Paid up:		
119,565,000 equity shares of ₹ 2/- each fully paid up (Previous Year 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
Total	**239.1**	**239.1**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number	₹ in million	Number	₹ in million
At the commencement of the year	119,565,000	239.1	11,956,500	119.6
Add: Increase in the number of shares after sub division in face value from ₹ 10 to ₹ 2 **(Refer Note 2.1(d))**	-	-	47,826,000	-
Add: Bonus Shares issued during the year **(Refer Note 2.1(e))**	-	-	59,782,500	119.5
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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(c) Details of shareholders holding more than 5% equity shares in the Company:

Name of the shareholders:	As at 31 March 2016		As at 31 March 2015	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:				
Mr. Basudeo Narain Singh	8,405,950	7.03%	9,528,600	7.97%
Mrs. Jayanti Sinha	7,138,220	5.97%	8,573,000	7.17%
Mr. Nawal Kishore Singh	4,311,060	3.61%	6,702,360	5.61%
Mr. Balmiki Prasad Singh	6,257,355	5.23%	6,215,760	5.20%

(d) Change in face value of equity shares:

During the previous year ended 31 March, 2015, pursuant to the approval of the members at the Extra ordinary general meeting of the Company held on 16 March 2015 to the sub-division of the Equity Shares of the Company, each Equity Share of face value of 10 each was sub-divided into 5 (five) Equity Share of 2 each. The effective date for the said sub-division was 16 March 2015.

(e) Aggregate Number of Bonus Shares Issued during the year and five preceding years:

During the year Nil (Previous Year 59,782,500) Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalization of General Reserves.

NOTE-2.2 RESERVES AND SURPLUS

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital Reserve:		
Investment Subsidies from State Governments		
At the commencement and at end of the year	5.2	5.2
General Reserve:		
At the commencement of the year	19,380.5	19,500.0
Less:Bonus Shares Issued during the year **(Refer Note No. 2.1 (e))**	-	119.5
At the end of the year	**19,380.5**	**19,380.5**
Surplus in the Statement of Profit and Loss:		
At the commencement of the year	11,385.4	8,275.3
Add: Profit for the year	6,384.4	3,676.9
Total	**17,769.8**	**11,952.2**
Less: Appropriations:		
Interim Dividend on Equity Shares ((amount per share of (Face Value of ₹ 2 Each) ₹ 12.70 (previous year amount per share of (Face Value of ₹ 10 Each) ₹ 40)) - **Refer Note 2.1(d)**	1,518.50	478.3
Dividend Distribution Tax	309.1	88.5
At the end of the year	**15,942.2**	**11,385.4**
Total	**35,327.9**	**30,771.1**

NOTE - 2.3 LONG-TERM BORROWINGS:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured:		
Foreign Currency Term Loans from Bank	-	281.3
Total	**-**	**281.3**

Notes: Foreign Currency Term Loan from Bank is a loan of US $ 4.5 million (₹ 298.1 million) (Previous Year $ 9 million (₹ 562.6 million)) which carries an interest at applicable LIBOR plus margin (150 basis points). The Company has entered into an Interest rate swap derivative of fixed rate @ 3.57% p.a. The balance loan is repayable on 28 October 2016. Amount falling due for payment on 28 October 2016 is disclosed under other current liabilities amounting to ₹ 298.1 million (Previous year ₹ 281.3 million).

The Foreign Currency Term Loan from bank of US $ 4.5 million is secured by a first pari passu charge on the movable fixed assets of the company (plant and machinery)

Notes

to the Standalone Financial Statements

NOTE-2.4 DEFERRED TAX LIABILITIES (NET):

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Tax effect of items constituting Deferred Tax Liabilities		
On differences between book and tax depreciation	1,165.4	977.1
Tax effect of items constituting Deferred Tax Assets		
Provision for employee benefits	300.0	239.0
Others (includes provision for doubtful debts and advances, deferred government grant etc.)	106.2	53.0
Total	**759.2**	**685.1**

NOTE-2.5 LONG-TERM PROVISIONS

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Provisions for employee benefits		
Gratuity **(Refer Note 2.29)**	314.2	258.6
Compensated absences	154.7	138.5
Provision for anticipated sales returns **(Refer Note.2.35)**	190.8	168.0
Total	**659.7**	**565.1**

NOTE-2.6 SHORT-TERM BORROWINGS

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured		
Loans repayable on demand from banks	1,510.6	8,269.8
	1,510.6	**8,269.8**
Unsecured		
Working Capital Loan from banks	1,995.6	2,193.0
	1,995.6	**2,193.0**
Total	**3,506.2**	**10,462.8**

Notes:

Secured:

1. Cash Credit from bank for ₹ **0.0 million** (Previous Year ₹ 620.9 million) and Packing Credit Foreign Currency Loan for ₹ **331.3 million** (Previous Year ₹ 312.5 million) are secured by hypothecation of inventories and trade receivables.
2. Overdrafts from Banks ₹ **1,179.3 million** (Previous Year ₹ 7,336.4 million) are secured against pledge of Fixed Deposits with the banks.
3. Cash Credit and Overdraft Facilities carry a rate of Interest ranging between 8.50% to 10.50% p.a. (previous year 9.60% to 10.75% p.a.), computed on a monthly basis on the actual amount utilized, and are repayable on demand. Packing Credit Foreign Currency Loan carries Interest rate in the range of 1.15% to 1.45% (Previous Year 1.15% to 1.45%)

Unsecured:

4. Working Capital Loan from banks comprises of Overdrafts in INR of ₹ **173.6 million** (Previous Year ₹ 1,099.4 million) and Packing Credit in Foreign Currencies of ₹ **1,822.0 million** (Previous Year ₹ 1,093.6 million)and are repayable on demand.
5. Packing Credit Foreign Currency loan carries Interest rate in the range of 1.10% to 2.00% and working Capital Loan from banks in Indian Rupees carries Interest rate in the range of 8.5% to 10% p.a.

Notes

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NOTE-2.7 TRADE PAYABLES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Dues to Micro and Small Enterprises (Refer Note 2.28)	240.2	27.6
Dues to Others	4,424.8	3,437.7
Total	**4,665.0**	**3,465.3**

Due to related parties ₹ **349.8 million** (Previous Year ₹ 308.4 million) **(Refer Note 2.36)**

NOTE-2.8 OTHER CURRENT LIABILITIES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term debt **(Refer Note 2.3)**	298.1	281.3
Interest accrued but not due on borrowings	2.8	3.3
Due to statutory authorities*	256.1	194.6
Advances from customers	136.6	79.8
Employee payables	909.3	378.5
Security Deposits	98.8	90.4
Accrual for Expenses	716.0	408.0
Others payables**	30.6	-
Unpaid dividend***	0.6	-
Total	**2,448.9**	**1,435.9**

*Due to statutory authorities includes sales tax payable, excise duty payable, tax deducted at source payable, service tax payable, provident fund and other funds payable.

** includes amount set aside for IPO related expenses as recovered from shareholders whose shares were offered for sale in the intial public offering, net of expenses incurred and approved as at 31 March 2016.

*** There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013.

NOTE-2.9 SHORT-TERM PROVISIONS:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for wealth tax	-	0.8
Provision for taxation (net of advance tax)	68.2	-
Provision for employee benefits:		
Gratuity **(Refer Note 2.29)**	221.8	328.0
Compensated absences	176.3	48.2
Provision for anticipated sales returns **(Refer Note.2.35)**	430.0	289.5
Total	**896.3**	**666.5**

NOTE-2.10 FIXED ASSETS

(₹ in million)

Particulars	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at 1 April 2015	Additions	Adjustments	Deletions	As at 31 March 2016	Up to 31 March 2015	For the year	Adjustments	Deductions	Up to 31 March 2016	As at 31 March 2016	As at 31 March 2015
TANGIBLE ASSETS												
Freehold Land	1,172.4	47.1	(14.8)	18.5	1,186.2	-	-	-	-	-	1,186.2	1,172.4
	(348.7)	(194.0)	(629.7)	-	(1,172.4)	-	-	-	-	-	(1,172.4)	(348.7)
Leasehold Land	128.9	-	14.8	-	143.7	6.4	4.1	-	-	10.5	133.2	122.5
	(128.5)	(0.4)	-	-	(128.9)	(5.1)	(1.3)	-	-	(6.4)	(122.5)	(123.6)
Buildings	2,516.7	245.0	-	4.3	2,757.4	458.9	54.3	-	1.2	512.0	2,245.4	2,057.8
	(3,123.5)	(30.0)	629.7	(7.1)	(2,516.7)	(463.5)	(52.7)	55.2	(2.1)	(458.9)	(2,057.8)	(2,660.0)
Plant and Machinery	6,344.9	456.6	(7.0)	293.1	6,501.4	1,725.6	483.4	(0.3)	182.3	2,026.4	4,475.0	4,619.3
	(6,122.9)	(303.4)	-	(81.4)	(6,344.9)	(1,322.8)	(436.2)	-	(33.4)	(1,725.6)	(4,619.3)	(4,800.1)
Furniture and Fixtures	307.9	36.7	(0.4)	4.0	340.2	160.9	32.6	0.3	2.7	191.1	149.1	147.0
	(296.8)	(11.8)	-	(0.7)	(307.9)	(122.1)	(39.0)	-	(0.2)	(160.9)	(147.0)	(174.8)
Vehicles	206.7	28.1	-	35.9	198.9	82.9	22.7	-	25.1	80.5	118.4	123.8
	(191.3)	(48.3)	-	(32.9)	(206.7)	(69.1)	(24.6)	-	(10.8)	(82.9)	(123.8)	(122.3)
Office Equipments	268.7	68.8	7.4	17.3	327.6	129.4	49.8	-	15.1	164.1	163.5	139.3
	(211.6)	(60.0)	-	(2.9)	(268.7)	(91.8)	(38.8)	-	(1.2)	(129.4)	(139.3)	(119.8)
	10,946.2	**882.3**	**-**	**373.1**	**11,455.4**	**2,564.1**	**646.9**	**-**	**226.4**	**2,984.6**	**8,470.8**	**8,382.1**
	(10,423.3)	**(647.9)**	**-**	**(125.0)**	**(10,946.2)**	**(2,074.4)**	**(592.6)**	**55.2**	**(47.7)**	**(2,564.1)**	**(8,382.1)**	**(8,349.3)**
INTANGIBLE ASSETS												
Computer Software	308.4	42.0	-	1.3	349.1	252.0	30.2	-	1.3	280.9	68.2	56.4
	(271.0)	(37.4)	-	-	(308.4)	(232.8)	(19.2)	-	-	(252.0)	(56.4)	(38.2)
Trade Mark & Patents	307.1	-	-	-	307.1	41.0	58.2	-	-	99.2	207.9	266.1
	(0.8)	(306.3)	-	-	(307.1)	(0.8)	(40.2)	-	-	(41.0)	(266.1)	-
	615.5	**42.0**	**-**	**1.3**	**656.2**	**293.0**	**88.4**	**-**	**1.3**	**380.1**	**276.1**	**322.5**
	(271.8)	**(343.7)**	**-**	**-**	**(615.5)**	**(233.6)**	**(59.4)**	**-**	**-**	**(293.0)**	**(322.5)**	**(38.2)**
Capital Work-in-Progress											1,465.5	958.9
											(958.9)	(706.8)
											1,465.5	958.9
Total	**11,561.7**	**924.3**	**-**	**374.4**	**12,111.6**	**2,857.1**	**735.3**	**-**	**227.7**	**3,364.7**	**10,212.4**	**9,663.5**
Previous year	10,695.1	991.6	-	125.0	11,561.7	2,308.0	652.0	(55.2)	47.7	2,857.1	9,663.5	9,093.9

Notes :

1. Addition to fixed assets include items of fixed assets aggregating ₹ **333.3 million** (Previous Year ₹ 68.8 million) located at Research and Development Centres of the Company
2. Addition to fixed assets includes exchange loss on foreign currency loan capitalised ₹ **30.8 million** (Previous Year ₹ 23.3 million)
3. During the previous year ended 31 March, 2015, pursuant to the requirement of Companies Act, 2013 the Company has determined the remaining useful life of building, plant & machinery based on the report of an independent valuer. In respect of other fixed assets, the Company has adhered to the useful lives as recommended in Schedule II to the Act. Consequent to the changes in the useful lives of the assets its depreciation during the previous year was higher by ₹ 126.7 millions. The Assets without any remaining useful life at the beginning of the previous year have been charged to the Statement of Profit & Loss aggregating to ₹ 4.3 million. Cost of Land forming part of building has been identified and accordingly reclassified and depreciation charged on the land has been reversed amounting to ₹ 55.2 million.
4. Figures in the brackets are the corresponding figures of the previous year.

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NOTE-2.11: NON-CURRENT INVESTMENTS:

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ in million	₹ in million	₹ in million
[At Cost unless otherwise stated]						
1) In Equity Shares of Subsidiary Companies Unquoted (Trade):						
a) In Subsidiaries:						
Alkem Laboratories (NIG) Limited, Nigeria	27156388	Naira	9.4		9.4	
(Including 1 share held by the nominee)	(27156388)	1				
Alkem Laboratories (Pty.) Limited,	15890	Rand	0.9		0.9	
South Africa	(15890)	10				
Alkem Laboratories Corporation,	518000	Peso	72.2		9.6	
Philippines (Including 5 shares held by the nominees)	(94000)	100				
Alkem Laboratories Corporation, Philippines (Share Application Money)			-		62.6	
Alkem Pharma GmbH, Germany	2	Euro	1.7		1.7	
(One Share of Euro 24,750 and Second share of Euro 250)	(2)					
Ascend Laboratories Sdn. Bhd., Malaysia	2	Ringgit				
(₹ 91)	(2)	1				
S & B Holdings B.V., Netherlands	35590552	Euro	2,897.2		2,897.2	
	(35590552)	1				
Alkem Laboratories Korea INC	15000	Korean Won	0.1		0.1	
	(15000)	100				
Ascend Laboratories SpA, Chile	1000		0.1		0.1	
(1000 Nominative Shares, without par value)	(1000)					
Pharmacor Ltd., Kenya	1000	Shillings	0.1		0.1	
	(1000)	100				
Pharmacor Pty Ltd., Australia	68313954		224.7		224.7	
	(68313954)					
Ascend Laboratories (UK) Limited	250000	GBP	9.9		4.9	
[Refer Note 6 (a)]	(250000)	1				
(issued capital 250000 shares of 1 GBP of which 40 Pence is called up & paid)						
S&B Pharma, Inc, USA	50100	USD	301.0		301.0	
	(50100)	0.01				
Cachet Pharmaceuticals Pvt Ltd	7650	INR	638.9		638.9	
	(7650)	100				
Indchemie Health Specialities Pvt Ltd	127500	INR	1,640.7		1,640.7	
	(127500)	10				
Enzene Biosciences Limited, India	4481000	INR	607.4		110.0	
[Refer Note 6 (b)]	(1120250)	10				
Enzene Biosciences Limited, India (Share Application Money)			-		8.6	
				6,404.3		5,910.5

Notes

to the Standalone Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ in million	₹ in million	₹ in million
2) In Equity Shares of Other Companies:						
a) Unquoted (Trade):						
Bharuch Eco-Aqua Infrastructure Limited	510000	INR	5.1		5.1	
	(510000)	10				
Shivalik Solid Waste Management Limited	18000	INR	0.2		0.2	
	(18000)	10				
b) Unquoted (Non Trade):						
Propstack Services Private Limited	2000	INR				
(₹ 20,000 Previous Year ₹ 20,000)	(2000)	10				
The Saraswat Co-operative Bank Limited	2000	INR				
(₹ 20,000 Previous Year ₹ 20,000)	(2000)	10				
				5.3		5.3
3) Investment in Limited Liability Partnership Firm: Unquoted (Trade):-						
The PharmaNetwork LLP, Kazakhstan **[Refer Note 6 (c)]**				100.5		0.1
4) Investment In Fund						
a) Unquoted(Non Trade) :						
Asia Healthcare Fund Investment Trust	183566	100	13.8		12.8	
(Units of ₹ 100 each, Paid up value per unit of ₹ 75 each, Previous year ₹ 70 each)	(183566)					
Tata Capital Healthcare Fund (Units of Re.1	100000000	1	88.8		49.3	
each, Paid up value per unit of ₹ 0.9 each, Previous year ₹ 0.5 each)	(100000000)					
Avenue Venture Real Estate Fund (Units of	Nil	100000	-		2,221.2	
₹ 100,000 each, fully paid-up) - "The same is disclosed under "Current Investments" as at 31 March 2016". **Refer sub note 4 of Note 2.12**	(22780)					
India Business Excellence Fund (Units of	25	1000000	16.7		22.1	
₹ 1,000,000 each, Paid up value per unit of ₹ 975,000 each, Previous year ₹ 975,000 each)	(25)					
India Business Excellence Fund-II (Units of	100000	1000	62.5		40.0	
₹ 1,000 each, Paid up value per unit of ₹ 625 each, Previous year ₹ 400 each)	(100000)					
Yournest Angel Fund-Scheme 1 (Units of	2000	10000	15.1		15.1	
₹ 10,000 each, Paid up value per unit of ₹ 7,573 each, Previous year ₹ 7,573 each)	(2000)					
Indusage Technology Venture Fund I (Units	20000	10000	5.0		5.0	
of ₹ 1,000 each, Paid up value per unit of ₹ 250 each, Previous year ₹ 250 each)	(20000)					
Motilal Oswal Most Focused Multicap 35	2923388	INR	40.0		25.0	
Fund - Regular - Growth	(2039518)	10				
Motilal Oswal Most Focused Multicap 25	675648	INR	10.0		-	
Fund - Regular - Growth	(NIL)	10				
				251.9		2,390.5

Notes

to the Standalone Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ in million	₹ in million	₹ in million
5) Debentures :						
Non Convertible Non Trade						
Unquoted						
12.50% Cholamandalam Investment &	40	500000	20.0		20.0	
Finance Limited	(40)					
10.17% HDB financial Service Limited	200	1000000	200.5		202.5	
(Refer Note 5)	(200)					
Quoted						
8% Indian Railway Finance Corporation	108754	1000	108.8		108.8	
Limited (Refer Note 5)	(108754)					
12.00% ECL Finance Limited	10000	1000	10.0		10.0	
	(10000)					
8.63% NHB Limited	7220	5000	36.1		36.1	
(Refer Note 5)	(7220)					
9.01% NHB Limited	4000	5000	20.1		20.1	
(Refer Note 5)	(4000)					
				395.5		397.5
6) Bonds : Non Trade						
Quoted						
11% Bank of India	250	1000000	250.0		250.0	
(Refer Note 5)	(250)					
11% Bank of India	20	1000000	20.0		20.0	
(Refer Note 5)	(20)					
11% Bank of India	200	1000000	212.4		-	
(Refer Note 5)	(NIL)					
10.25% Tata Capital Limited.	40	500000	21.0		22.2	
	(40)					
11.50% Tata Steel Limited	100	1000000	102.7		105.5	
	(100)					
11.25% Tata Motors Finance Limited	100	500000	50.0		50.0	
	(100)					
11.03% Tata Motors Finance Limited	100	1000000	100.0		100.0	
	(100)					
11.80 % Tata Steel Limited	50	1000000	52.9		54.3	
	(50)					
11.40% Tata Power Limited	50	1000000	50.6		50.6	
	(50)					
9.55% Kotak Mahindra Prime	750	1000000	750.0		750.0	
(Refer Note 5)	(750)			1,609.6		1,402.6
Total				8,767.1		10,106.5

Notes

to the Standalone Financial Statements

Notes:

		As at 31 March 2016		As at 31 March 2015	
		Cost	Market Value	Cost	Market Value
1)	Aggregate value of Unquoted Investments:	6,982.6	N.A.	8,528.9	N.A.
2)	Aggregate value of Quoted Investments:	1,784.5	1,792.9	1,577.6	1,641.2
3)	All Investments in Shares & Securities are fully paid up. (Except **Refer Note 2.27(b-2),(b-3)**)				

4) Details of M/s The PharmaNetwrok LLP, Kazakhstan:

Name of the Partners	As at 31 March 2016		As at 31 March 2015	
	Profit Sharing Ratio	₹ in millions	Profit Sharing Ratio	₹ in millions
		Capital Accounts as on 31 March 2016		Capital Accounts as on 31 March 2015
M/s Alkem Laboratories Limited	100.00%	100.5	100.00%	0.1
Total	**100.00%**	**100.5**	**100.00%**	**0.1**

5a) Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited,11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ 1,578.0 million has been pledged against issuance of Stand by letter of credit required for Loan of US$ 25.0 million advanced by Citi Bank USA to The Pharma Network LLC (USA), a 100% step down subsidiary of the company and Loan of US$ 20.0 million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US$ 4 million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company

5b) Previous year: Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited,11% Bank of India, 9.55% kotak Mahindra Prime Aggregating to ₹ 1,387.5 million were in the process of pledge against issuance of Stand by letter of credit required for Term Loan of US$ 29.80 million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down Subsidiary of the Company.

6a) During the year, the Company has contributed ₹ 5 million in wholly owned subsidiary in United Kingdom viz, "Ascend Laboratories (UK) Limited" by way of a capital contribution.

6b) During the year, the Company has contributed ₹ 497.4 million in wholly owned subsidiary in India viz, "Enzene Biosciences Limited" by way of a capital contribution.

6c) During the year, the Company has contributed ₹ 100.4 million in wholly owned subsidiary in Kazakhstan viz, "The PharmaNetwrok LLP, Kazakhstan:" by way of a capital contribution.

Notes

to the Standalone Financial Statements

NOTE-2.12. CURRENT INVESTMENTS: (cost or fair value whichever is lower)

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
a) (Non Trade):						
1) Mutual Funds: (Quoted):						
Benchmark Liquid Bees	0.8350	1,000				
₹ 835.01 (Previous Year ₹ 784.10)	(0.7840)					
IDFC Money Manager Fund-DIR-DLY	8684.5970	10	0.1		0.1	
	(13950.8150)					
				0.1		0.1
2) Debentures :						
Current Portion of Long Term Investments						
Non Convertible						
Quoted						
12.25% Religare Finvest Limited	Nil	1,000	-		50.0	
	(50000)					
				-		50.0
3) Commercial Paper: (Unquoted)						
9.50% Barclays Investments Limited			-		502.5	
				-		502.5
4) Investment in funds : (Unquoted)						
Current Portion of Long Term Investments						
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) - **Refer sub note 4 of Note 2.12**	19966	100,000	1,934.00		-	
	(Nil)				-	
				1,934.00		-
5) Equity Shares: (Quoted)						
Adani Ports & Special Economic Zone Limited	Nil	10	-		0.9	
	(6297)					
Asian Paints Limited	Nil	1	-		0.5	
	(882)					
Bajaj Finance Limited	Nil	10	-		0.9	
	(391)					
Bharat Forge Limited	Nil	2	-		0.7	
	(526)					
Bosch Limited	Nil	10	-		1.9	
	(117)					
Colgate-Palmolive (India) Limited	Nil	1	-		0.4	
	(228)					
Container Corporation of India Limited	Nil	10	-		0.5	
	(341)					
City Union Bank Limited	Nil	1	-		0.5	
	(6953)					
Cummins India Limited	Nil	2	-		0.7	
	(942)					
DCB Bank Limited	Nil	10	-		0.5	
	(5969)					
D Q Entertainment Limited	Nil	10	-		0.9	
	(12958)					

Notes

to the Standalone Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
Deccan Chronicle Holdings Limited	Nil	2	-		0.0	
	(256)					
Eicher Motors Limited	Nil	10	-		3.2	
	(322)					
Engineers India Limited	Nil	5	-		0.2	
	(900)					
Emami Limited	Nil	1	-		0.4	
	(648)					
Gateway Distriparks Limited	Nil	10	-		0.5	
	(3587)					
GlaxoSmithKline Consumer Healthcare Limited	Nil	10	-		0.5	
	(104)					
HDFC Bank Limited	Nil	10	-		0.9	
	(1101)					
HDFC Limited	Nil	10	-		0.7	
	(745)					
Hero Motocorp Limited	Nil	2	-		0.5	
	(197)					
Hindustan Petroleum Corp. Limited	Nil	10	-		1.2	
	(2218)					
ING Vyasya Bank Limited	Nil	10	-		0.4	
	(667)					
IRB Infrastructure Developers Limited	Nil	10	-		1.2	
	(7904)					
IPCA Lab Limited	Nil	2	-		0.7	
	(971)					
Jammu and Kashmir Bank Limited	Nil	10	-		0.7	
	(4478)					
Larsen & Toubro Limited	Nil	2	-		1.6	
	(1879)					
Max India Limited	Nil	2	-		0.5	
	(1285)					
Nava Bharat Ventures Limited	Nil	2	-		0.8	
	(3966)					
Page Industries Limited	Nil	10	-		1.4	
	(182)					
Sanghvi Movers Limited	Nil	2	-		0.4	
	(4122)					
State Bank of India Limited	Nil	10	-		0.8	
	(2980)					
Speciality Restaurants Limited	Nil	10	-		0.1	
	(736)					
Sun Pharmaceuticals Limited	Nil	2	-		1.4	
	(1662)					
Tata Consultancy Services Limited	Nil	1	-		0.7	
	(299)					

Notes

to the Standalone Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
Tech Mahindra Limited	Nil	10	-		0.9	
	(1572)					
Tara Jewels Limited	Nil	10	-		6.6	
	(28535)					
Torrent Power Limited	Nil	10	-		0.5	
	(2490)					
United Spirits Limited	Nil	10	-		0.5	
	(188)					
VA Tech Wabag Limited	Nil	2	-		2.3	
	(9274)					
Voltas Limited	Nil	1	-		0.9	
	(4167)					
				-		38.9
b) Unquoted (Non Trade):						
1) In Equity Funds:						
HDFC CMF Treasury Advantage Retail -WD	Nil	10	-		2.6	
	(256042.2)					
				-		2.6
2) Equity Shares:						
G R Infraprojects Limited	Nil	2	-		1.3	
	(6626)					
Intarvo Technologies Limited	Nil	10	-		0.9	
	(4299)					
GMR Energy Limited	16531	10	0.2		0.2	
	(16531)					
				0.2		2.4
3) Preference Shares:						
Intarvo Technologies Limited -CCPS	Nil	10	-		0.1	
	(1616)					
Regen Powertech Private Limited -CCPS	4328		3.1		3.1	
	(4328)					
GMR Energy Limited-CCPS	1799	10	1.8		1.8	
	(1799)					
0.1% Cumulative Non Convertible Preference Shares						
Saraswat Bank-NCPS	500000	10	5.0		5.0	
	(500000)					
				9.9		10.0
				1,944.2		606.5
Less: Provision for diminution in the value of Investments				0.0		7.4
Total				1944.2		599.1

Notes

to the Standalone Financial Statements

Notes:

		As at 31 March 2016		As at 31 March 2015	
		Cost	Market Value	Cost	Market Value
1)	Aggregate value of Quoted investments	0.1	0.1	89.0	101.2
	Aggregate value of Unquoted investments	1944.1	N.A.	517.5	N.A.
2)	All Investments in Shares & Securities are fully paid up.				
3)	Aggregate carrying amount of "Long term Investments" within the meaning of AS 13		1,934.0		50.0
4)	During the year, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in **Avenue Real Estate Fund** ("Fund") by entering into an option agreement with Mr.Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties.				

NOTE-2.13 : LONG-TERM LOANS AND ADVANCES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, Considered Good)		
Capital Advances	428.0	152.7
Loans and Advances to Subsidiary Companies **(Refer Note 2.36)**		
Considered Good	1,495.1	1,143.6
Considered Doubtful	35.2	-
	1,530.3	**1,143.6**
Less: Provision for Doubtful Advances	(35.2)	-
	1,495.1	**1,143.6**
Security Deposits	107.7	68.3
MAT Credit Entitlement	5,079.4	4,470.5
Advance recoverable in cash or in kind	123.3	99.2
Advance payment of Income Tax (Net of Provisions)	404.2	529.6
Total	**7,637.7**	**6,463.9**

NOTE-2. 14 : OTHER NON-CURRENT ASSETS

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months **(Refer Note 2.17)**	1,833.5	4,057.3
Interest on Deposits, accrued but not due	26.2	543.9
Total	**1,859.7**	**4,601.2**

Note:

Bank Deposits of ₹ **1,445.0 million** (Previous Year ₹ 3,807.3 million) is under lien with the Banks against Over Draft Facility of the Company.

Bank Deposits of ₹ **55.0 million** (Previous Year Nil) has been pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

Bank Deposits of ₹ **33.5 million** (Previous Year ₹ Nil) is under lien with bank against bank guarantees

Notes

to the Standalone Financial Statements

NOTE-2.15. : INVENTORIES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
(Valued at lower of cost and net realisable value)		
Raw and packing materials	1,738.4	1,665.8
Goods-in-transit	6.4	1.7
	1,744.8	**1,667.5**
Work-in-progress **(Refer Note 2.40(d))**	244.7	241.9
Finished goods **(Refer Note 2.40(c))**	1,723.7	2,181.1
Goods-in-transit	657.1	57.1
	2,380.8	**2,238.2**
Stock-in-trade **(Refer Note 2.40(c))**	1,340.4	1,041.9
Goods-in-transit	189.6	292.9
	1,530.0	**1,334.8**
Total	**5,900.3**	**5,482.4**

NOTE-2.16. : TRADE RECEIVABLES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured)		
Outstanding for a period exceeding six months from the date they become due for payment		
Considered good	285.4	323.8
Considered doubtful	230.0	85.9
Less: Provision for doubtful trade receivables	(230.0)	(85.9)
	285.4	**323.8**
Other Trade Receivables:		
Considered good	4,519.0	3,426.3
Considered doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	4,519.0	**3,426.3**
Total	**4,804.4**	**3,750.1**

Note :

Above Trade Receivables include amount due from related parties ₹ **2,515.1 million** (Previous Year ₹ 1,589.7 million) - **Refer Note 2.36**

NOTE-2.17. : CASH AND BANK BALANCES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Cash and Cash Equivalents:		
Cash on hand	3.9	6.9
Cheques and Drafts on hand	57.1	58.6
Balance with Banks:		
In Current Accounts	13.4	184.0
In Exchange Earners' Foreign Currency Account	0.3	-
	74.7	**249.6**
Other Bank Balances:		
In Deposit Accounts:		
Bank Deposits with maturity within 12 months	5,165.0	6,083.7
In unpaid dividend account	0.6	-
Total	**5,240.3**	**6,333.3**

Note:

Bank Deposits of ₹ **3,857.2 million** (Previous Year ₹ 5,023.7 million) is under lien with banks against Overdraft facilities availed.

Bank Deposits of ₹ **1,000.0 million** (Previous Year ₹ Nil) is under lien with banks against line of credit. This line of credit has not been utilised by the Company as on 31 March 2016.

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to the Standalone Financial Statements

Bank Deposits of ₹ **110.0 million** (Previous Year ₹ Nil) is under lien towards bank guarantee given to the Bombay Stock Exchange ("BSE").

Bank Deposits of ₹ **74.6 million** (Previous Year ₹ Nil) is placed as security with the Competition Commission of India ("CCI") against pending litigation.

Subsequent to the balance sheet date the Competition Appellate Tribunal has set aside the CCI ruling.

Bank Deposits of ₹ **3.4 million** (Previous Year ₹ Nil) is under lien with bank against bank guarantees.

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Details of Bank Balances/Deposits		
Bank Deposits with original maturity of 3 months or less	-	-
Bank Deposits with maturity within 12 months	5,165.0	6,083.7
Bank Deposits with maturity beyond 12 months **(Refer Note No.2.14)** Disclosed as Other Non-Current Assets	1,833.5	4,057.3
	6,998.5	**10,141.0**

NOTE-2.18. : SHORT-TERM LOANS AND ADVANCES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, Considered Good, unless Otherwise stated)		
Balances with Government Authorities	927.9	689.6
Loans and Advances to Employees	82.0	82.8
Advance to Suppliers:		
Considered Good	240.5	311.6
Considered Doubtful	42.8	38.8
	283.3	**350.4**
Less: Provision for Doubtful Advances	(42.8)	(38.8)
	240.5	**311.6**
Prepaid Expenses	118.5	110.7
Total	**1,368.9**	**1,194.7**

NOTE-2.19. : OTHER CURRENT ASSETS:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest on Deposits, accrued but not due	406.8	133.3
Export Incentives Receivable	204.0	110.6
Other Receivables*	187.5	169.5
*Includes insurance claim receivable ₹ **10.4 million** (Previous year ₹ 81.7 million)		
Total	**798.3**	**413.4**

Notes

to the Standalone Financial Statements

NOTE-2.20. : REVENUE FROM OPERATIONS:

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Sale of products (gross) **(Refer Note 2.40(b))**	39,529.9	31,742.9
Other operating revenues:		
Manufacturing charges	11.4	23.1
Excise refunds	530.1	450.2
Export incentives	257.1	104.9
Scrap sales	24.8	23.8
Foreign currency transactions and translation gain (net)	156.1	22.2
Government subsidy income **(Refer Note 1.20)**	4.8	36.6
Royalty income	44.5	41.5
Miscellaneous receipts	74.3	95.5
	1,103.1	**797.8**
Total	**40,633.0**	**32,540.7**

NOTE-2.21. : OTHER INCOME:

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest on bank deposits	892.9	914.4
Other interest (includes interest on long-term investments ₹ **237.0 million** (Previous year ₹ 357.7 million)	343.9	417.8
Dividend income (includes dividend from long-term investments ₹ **7.7 million** (Previous year ₹ Nil)	8.3	3.1
Income from real estate investment in funds (long term investments)	102.0	283.2
Provision no longer required, written back	7.5	16.4
Rental income	27.4	34.2
Net profit on sale of investments (from current investments)	18.2	152.2
Sale of brands **(Refer Note 2.37)**	205.0	-
Total	**1,605.2**	**1,821.3**

(Other Interest includes interest on Loan to subsidiaries ₹ **82.7 million** (Previous year ₹ 41.9 million), Dividend Income includes ₹ **7.7 millon** (previous year ₹ Nil) received from subsidiary.

NOTE-2.22. : COST OF MATERIALS CONSUMED

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Raw material consumed **(Refer Note 2.39)**	7,035.5	6,166.3
Packing material consumed	2,669.8	2,374.8
Total	**9,705.3**	**8,541.1**

Notes

to the Standalone Financial Statements

NOTE-2.23. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Opening Stock: **(Refer Note 2.40 (c) & (d))**		
Finished goods	2,238.2	2,498.6
Stock-in-trade	1,334.8	985.3
Work-in-progress	241.9	214.8
	3,814.9	**3,698.7**
Less: Closing stock: **(Refer Note 2.40 (c) & (d))**		
Finished goods	2,380.8	2,238.2
Stock-in-trade	1,530.0	1,334.8
Work-in-progress	244.7	241.9
	4,155.5	**3,814.9**
Total	**(340.6)**	**(116.2)**

NOTE-2.24. : EMPLOYEE BENEFITS EXPENSE:

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries, wages and bonus	6,241.7	4,957.1
Contribution to provident and other funds **(Refer Note 2.29)**	335.6	433.1
Employees' welfare expenses	238.9	215.6
Total	**6,816.2**	**5,605.8**

NOTE-2.25. : FINANCE COST:

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest on borrowings	516.7	714.8
Other borrowing cost	16.3	11.5
Total	**533.0**	**726.3**

NOTE-2.26. OTHER EXPENSES:

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Consumption of stores and spare parts **(Refer Note 2.39(b-ii))**	398.3	418.7
Power and fuel	519.6	530.8
Excise duty (net)	68.1	2.9
Processing charges	187.8	123.9
Rent	129.1	147.6
Rates and taxes	15.2	24.0
Insurance	93.1	74.2
Marketing and promotions	2,468.6	2,244.6
Selling and distribution expenses	943.4	910.6
Legal and professional Fees	931.9	494.2
Sales-tax and octroi duty	174.1	137.9
Commission and cash discount	704.5	514.1
Travelling and conveyance	1,165.3	1,221.0

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(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Repairs:		
- Buildings	42.0	23.8
- Plant and machineries	110.5	99.7
- Others	90.7	55.4
Loss on sale of fixed assets (net)	113.3	49.3
Commission to Directors	130.0	-
Donation	3.9	2.8
Communication and printing expenses	156.2	132.1
Vehicle expenses	69.8	68.4
Clinical and analytical charges	451.8	252.3
Bad Debts/Advances written off	119.2	84.3
Provision for doubtful debts	147.4	4.3
Corporate Social Responsibility (CSR) expenditure	30.1	12.0
Royalty Expenses	46.4	-
Miscellaneous expenses **(Refer Note 2.38, 2.41, 2.43)**	513.6	697.4
Total	**9,823.9**	**8,326.3**

NOTE-2.27 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities not provided for

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	**Claims against the Company not acknowledged as debt:**		
	(i) Central Excise demand disputed in appeal {advances paid in dispute ₹ **13.7 millions** (P. Y. ₹ 30.8 millions)}	37.7	55.3
	(ii) Sales Tax demand disputed in appeal {advances paid in dispute ₹ **78.7 millions** (P. Y. ₹ 3.5 millions)}	482.1	7.9
	(iii) Income Tax demand disputed in appeal {advances paid dispute in ₹ **Nil** (P. Y. ₹ Nil)}	445.0	426.0
	(iv) a. In relation to purchase commitments- ₹ **968.1 million*** (Previous year ₹ 968.1 million) b. Supply of Goods: ₹ **461.2 million**** (Previous year ₹ 717.4 millions) c. In relation to property- ₹ **Nil** (Previous year ₹ 13.8 millions)	1,429.3	1,699.2
2	**Bonds/Debentures/Fixed** Deposits **pledged** against loan taken by subsidiaries (Refer Note 2.12-5a, 2.14). The loan amount outstanding as on the balance sheet date is	2,183.4	1,100.0
Total		**4,577.5**	**3,288.4**

Management considers that the excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

** Claim from customer in relation to product quality issues and packing norms in recipient country.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

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b) Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid ₹ **241.9 millions** (Previous Year ₹ 58.8 millions)	1,697.3	142.4
2	Calls in respect of partly paid up shares issued by a subsidiary company	148.1	18.5
3	Uncalled/ Unpaid contribution towards investment in funds **(Refer Note.2.12(2)(a))**	75.1	136.6
4	Other Commitments: Commitment towards research and development - USD 5.2 millions (previous year USD 2.5 million)	345.5	156.3
5	Letter of Credit opened by the Banks	532.1	202.2
6	Outstanding Bank Guarantees	184.8	51.0
7	Pending Export Obligation under advance licence/ EPCG Scheme	49.9	7.8
8	Other Commitments - **Non Cancellable Operating Lease (Refer Note. 2.31)**		

NOTE-2.28 DUES TO MICRO AND SMALL ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small Enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro & Small enterprises as defined in MSMED are set out in following disclosure.

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Principal amount remaining unpaid to any supplier as at the year end	240.2	27.6
2	Interest due thereon	3.5	1.0
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	3.5	1.0
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

NOTE-2.29 DISCLOSURE OF EMPLOYEE BENEFITS AS PER ACCOUNTING STANDARD 15 IS AS UNDER:

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employee provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of payroll cost of the eligible employee to the superannuation plan to fund the benefit.

Notes

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The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
- Contribution to Provident Fund	109.7	117.2
- Contribution to Superannuation fund	2.7	2.8
Total	**112.4**	**120.0**

ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.
The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2016 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2016

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	65.7	94.0
	Interest Cost	40.2	42.9
	Actuarial (gain) / losses	(0.6)	76.3
	Benefits paid	(156.0)	(35.9)
	PVO at the beginning of the year	586.7	409.4
	PVO at end of the year	536.0	586.7
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	536.0	586.7
	Actuarial gain/(losses)	-	-
	Funded status	(536.0)	(586.7)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(536.0)	(586.7)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
III)	**Net cost for the year**		
	Current Service cost	65.7	94.0
	Interest cost	40.2	42.9
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	(0.6)	76.3
	Net cost	105.3	213.2
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.46	8.00
	Salary escalation rate (%)	6.25	6.25

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to the Standalone Financial Statements

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

(₹ in million)

Particulars	As at year ended 31 March 2016	As at year ended 31 March 2015	As at year ended 31 March 2014	As at year ended 31 March 2013	As at year ended 31 March 2012
Defined Benefit Obligation at end of the period	536.0	586.7	409.4	366.1	348.6
Experience gain/loss adjustment on plan liabilities	(11.2)	(16.4)	(48.9)	12.5	82.8
Actuarial gain/(loss) due to change in assumption	10.6	92.7	31.3	(60.5)	(75.8)

NOTE-2.30 DETAILS OF UNHEDGED FOREIGN CURRENCY EXPOSURE

The year-end foreign currency exposures that have not been hedged by a derivative instrument are as below:

a. Amount receivable in foreign currency on account of the following

Particulars	As at 31 March 2016		As at 31 March 2015	
	₹ In million	Amount in foreign currency	₹ In million	Amount in foreign currency
Export of goods				
EUR	106.4	1,411,611	26.7	397,229
GBP	32.5	340,400	17.0	183,810
USD	2,555.3	38,567,356	1,819.6	29,103,996
AUD	208.5	4,090,310	52.2	1,098,902
Loans & advances				
AUD	55.7	1,092,322	51.9	1,092,322
EUR	17.0	225,108	1.4	20,500
USD	1,138.3	17,180,486	830.6	13,289,114
CHF	14.1	205,125	-	-
JPY	4.7	7,999,983	-	-

b. Amount payable in foreign currency on account of the following

Particulars	As at 31 March 2016		As at 31 March 2015	
	₹ In million	Amount in foreign currency	₹ In million	Amount in foreign currency
Import of goods and services				
USD	668.0	10,081,812	166.9	2,670,727
EUR	3.2	42,925	70.8	1,053,039
AUD	11.0	215,333	6.5	137,689
GBP	13.7	143,332	0.4	3,803
CHF	0.0	306	-	-
JPY	0.1	152,855	-	-
Unsecured loans				
USD	1,822.0	27,500,000	1,093.8	17,500,000
Secured loans				
USD	629.4	9,500,000	875.0	14,000,000

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NOTE-2.31 The Company has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Rent expense	129.1	147.6
Total	**129.1**	**147.6**

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Not later than one year	25.4	37.5
Later than one year but not later than five years	42.9	47.5
Later than five years	1.0	1.9
Total	**69.3**	**86.9**

NOTE-2.32 Segmental Reporting as required by Accounting Standard – 17 (AS-17)

The Company has presented data relating to its segments based on its consolidated financial statements, Accordingly, in terms of paragraph 4 of the Accounting Standard 17 (AS-17) "Segment Reporting", no disclosures related to segments are presented in this standalone financial statement.

NOTE-2.33 The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is ₹ **2,020.1 million** (Previous year ₹ 1,513.1 million).

NOTE-2.34 Earnings per share (EPS)

(₹ in million)

Particulars			Year ended 31 March 2016	Year ended 31 March 2015
Profit /(loss) after tax attributable to equity shareholders	₹ in millions	A	6,384.4	3,676.9
Weighted average number of equity shares outstanding during the year	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	53.40	30.75

Since the split in face value of equity shares from ₹ 10 each to ₹ 2 each fully paid up and the issue of bonus shares in the ratio of 1 fully paid up equity shares of face value of ₹ 2 each for each existing equity shares of face value of ₹ 2 each is an issue without consideration, the issue is treated as if it had occurred prior to the beginning of the year 2014-15, the earliest period reported.

NOTE-2.35 DISCLOSURE AS PER ACCOUNTING STANDARD (AS 29) FOR PROVISIONS IS AS UNDER:

Provision for anticipated sales return:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Carrying amount at the beginning of the year	457.5	-
Add: Provision made during the year *	454.4	457.5
Less: Amount used/utilized during the year	291.1	-
Carrying amount at the end of the year	620.8	457.5

Until 31 March 2014, the Company accounted for sales returns on actual returns. With effect from 1 April, 2014, in line with an opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting for sales returns, the Company has revised its approach by accounting for anticipated sales returns and has recorded a cumulative provision for anticipated sales returns during the year ended 31 March, 2015, by charging it to Statement of profit and loss.

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NOTE-2.36 Information on related party transactions as required by Accounting Standard 18 (AS 18) on related party disclosures for the year ended 31 March 2016.

A. List of related parties and their relationship

A	**Subsidiaries and Step down Subsidiaries**	
	Alkem Laboratories (NIG) Limited	Nigeria
	Alkem Laboratories (PTY) Limited	South Africa
	Alkem Pharma GmbH	Germany
	Alkem Laboratories Corporation	Philippines
	S & B Holdings B.V.	Netherlands
	Pharmacor Pty Limited	Australia
	ThePharmaNetwork, LLC (Wholly owned Subsidiary of S&B Holdings B.V)	United States of America
	Ascend Laboratories SDN BHD.	Malaysia
	Ascend Laboratories SpA	Chile
	Enzene Biosciences Ltd.	India
	Alkem Laboratories Korea Inc	Korea
	Pharmacor Ltd.	Kenya
	S & B Pharma Inc.	United States of America
	The PharmaNetwork, LLP	Kazakhstan
	Ascend Laboratories, LLC (Wholly owned by ThePharmanetwork, LLC)	United States of America
	Alkem Real Estate LLP (up to 11 September 2015)	India
	Ascend Laboratories (UK) Ltd.	United Kingdom
	Cachet Pharmaceuticals Pvt. Ltd (w.e.f 27 March 2015)	India
	Indchemie Health Specialities Pvt. Ltd.(w.e.f 30 March 2015)	India
B	**Key Managerial Personnel ("KMP")**	
	Mr. Samprada Singh	Chairman Emeritus
	Mr. Basudeo Narain Singh	Executive Chairman
	Mr. Balmiki Prasad Singh	Director
	Mr. Dhananjay Kumar Singh	Joint Managing Director
	Mr. Mrityunjay Kumar Singh	Director
	Mr. Sandeep Singh	Joint Managing Director
	Mr. Nawal Kishore Singh (up to 2 January 2015)	Director
	Mr. Prabhat Narain Singh (up to 20 February 2015)	Director
	Mr. Prabhat Agrawal (w.e.f. 21 October 2014)	Chief Executive Officer
C.	**Relatives of Key Management Personnel ("KMP") with whom transactions have taken place during the year.**	
	Mr. Satish Kumar Singh	Son of Samprada Singh
	Mrs. Jayanti Sinha	Sister of Samprada Singh
	Mrs. Archana Singh	Daughter of Basudev Narain Singh
	Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
	Mr. Srinivas Singh	Son of Balmiki Prasad Singh
	Mr. Sarvesh Singh	Brother of Sandeep Singh
	Mrs. Manju Singh	Wife of Balmiki Prasad Singh
	Mrs. Premlata Singh	Mother of Sandeep Singh
	Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
	Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
	Ms. Divya Singh	Daughter of Dhananjay kumar Singh
	Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
	Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
	Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
	Ms. Inderjit Arora	Wife of Sandeep singh
	Mrs. Rekha Singh	Wife of Basudev Narain Singh

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Mr. Nawal Kishore Singh	Son of Samprada Singh
Shalini Singh (up to 2 January 2015)	Daughter of Nawal Kishore Singh
Neha Singh (up to 2 January 2015)	Daughter of Nawal Kishore Singh
Khushboo Singh (up to 2 January 2015)	Daughter of Nawal Kishore Singh
Anju Singh (up to 2 January 2015)	Wife of Nawal Kishore Singh

D Entities in which Key Management Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Entities"):

M/s Galpha Laboratories Ltd., M/s. Samprada Singh (HUF),Cachet Pharmaceuticals Pvt. Ltd (up to 27 March, 2015) ,Indchemie Health Specialities Pvt. Ltd.(up to 30 March, 2015)

Details of Transactions with Related Parties

(₹ in million)

Sr. No.	Particulars	Year ended 31 March 2016				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	d	
1	Remuneration*	-	398.4	82.0	-	480.4
		-	(307.7)	(22.9)	-	(330.6)
2	Loans Taken	-	-	-	-	-
		-	(319.2)	-	-	(319.2)
3	Loans Repaid	-	-	-	-	-
		-	(679.9)	(283.8)	(2.6)	(966.3)
4	Interest expense on loans taken	-	-	-	-	-
		-	(37.7)	(24.1)	(0.3)	(62.1)
5	Purchase of stock in trade	1,694.9	-	-	383.0	2,077.9
		-	-	-	(2,003.1)	(2,003.1)
6	Sale of Finished Goods	4,944.1			28.3	4,972.4
		(2,061.1)	-	-	(59.4)	(2,120.5)
7	Sale of Raw and Packing Materials	20.9	-	-	7.7	28.6
		-	-	-	(15.8)	(15.8)
8	Purchase of Raw and Packing Materials	2.4	-	-	49.5	51.9
		-	-	-	(90.8)	(90.8)
9	Services received	338.7	-	-	15.8	354.5
		-	-	-	(117.1)	(117.1)
10	Services rendered	0.3	-	-	11.1	11.4
		-	-	-	(23.1)	(23.1)
11	Rental Income	13.9	-	-	3.3	17.2
		-	-	-	(16.5)	(16.5)
12	Rent Expenses	-	0.6	3.2	-	3.8
		-	(0.6)	(3.4)	-	(4.0)
13	Investments made	602.9	-	-	-	602.9
		(2,382.5)	-	-	-	(2,382.5)
14	Final/Interim Dividend paid	-	416.3	580.3	1.9	998.5
		-	(147.1)	(185.1)	(0.6)	(332.8)
15	Loans Given (net)	252.5	(3.0)	-	-	249.5
		(221.1)	(3.0)	-	-	(224.1)
16	Sale of Assets/Assets under construction	3.6	-	-	-	3.6
		-	(34.7)	-	(0.5)	(35.2)

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(₹ in million)

Sr. No.	Particulars	Year ended 31 March 2016				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	d	
17	Refund of share application money	8.6	-	-	-	8.6
		-	-	-	-	
18	Reimbursement of expenses to	146.3	-	-	-	146.3
		(79.6)	-	-	-	(79.6)
19	Reimbursement of expenses from	20.0	-	-	0.3	20.3
		(13.8)	-	-	(2.3)	(16.1)
20	Interest Income on loans given	82.7	0.2	-	-	82.9
		(41.9)	(0.1)	-	-	(42.0)
21	Bonds/Debentures/Fixed Deposits pledged against loan taken	1,633.0	-	-	-	1,633.0
		(1,387.5)	-	-	-	(1,387.5)
22	Dividend received	7.7	-	-	-	7.7
		-	-	-	-	-

*Remuneration does not include charge for gratuity and leave encashment as employee-wise break-up is not available.

Figures in the brackets are the corresponding figures of the previous year.

Out of the above items transactions in excess of 10% of the total related party transactions

(₹ in million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2016	Year ended 31 March 2015
1	Remuneration			
	Mr. Samprada Singh	Key Management Personnel	126.0	85.5
	Mr. Basudeo Narain Singh	Key Management Personnel	86.9	86.4
	Mr. Nawal Kishore Singh	Key Management Personnel	-	68.6
	Mr. Prabhat Agrawal	Chief Executive Officer	58.7	-
2	Loans Taken			
	Mr. Basudeo Narain Singh	Key Management Personnel	-	122.5
	Mr. Dhananjay Kumar Singh	Key Management Personnel	-	35.3
	Mr. Samprada Singh	Key Management Personnel	-	55.0
	Mr. Balmiki Prasad Singh	Key Management Personnel	-	105.2
3	Loans Repaid			
	Mr. Basudeo Narain Singh	Key Management Personnel	-	238.9
	Mr. Samprada Singh	Key Management Personnel	-	124.6
	Mr. Balmiki Prasad Singh	Key Management Personnel	-	200.1
	Mrs. Rekha Singh	Relative of KMP	-	126.6
4	Interest Expenses on Loans Taken			
	Mr. Balmiki Prasad Singh	Key Management Personnel	-	12.8
	Mr. Basudeo Narain Singh	Key Management Personnel	-	13.6
	Mrs. Rekha Singh	Relative of KMP	-	8.7

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(₹ in million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2016	Year ended 31 March 2015
5	Purchase of stock in trade			
	Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary	735.8	722.0
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	958.6	866.3
	Galpha Laboratories Limited	Entities	383.0	414.7
6	Sale of Finished Goods			
	Ascend Laboratories, LLC	Step Down Subsidiary	4,075.8	1,588.4
7	Sale of raw and packing materials			
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	20.8	11.4
	Galpha Laboratories Limited	Entities	7.7	2.9
8	Purchase of raw and packing materials			
	Galpha Laboratories Limited	Entities	49.5	87.9
9	Services received			
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	64.7	79.8
	Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary	51.9	20.9
	Galpha Laboratories Limited	Entities	-	16.4
	S&B Pharma Inc., USA	Subsidiary	219.8	62.1
10	Services rendered			
	Galpha Laboratories Limited	Entities	11.1	22.8
11	Rental Income			
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	10.7	10.2
	Galpha Laboratories Limited	Entities	3.3	3.3
	Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary	3.2	3.0
12	Rent Expenses			
	Mr. Dhananjay Kumar Singh	Key Management Personnel	0.6	0.6
	Mrs. Divya Singh	Relative of KMP	1.1	1.1
	Mrs. Madhurima Singh	Relative of KMP	1.1	1.3
	Mr. Sarvesh Singh	Relative of KMP	1.0	1.0
13	Investments made			
	Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary	-	638.9
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	-	1,640.7
	Enzene Biosciences Ltd. India	Subsidiary	497.4	-
	The PharmaNetwork, LLP	Subsidiary	100.5	-
14	Final/Interim Dividend paid			
	Mr. Basudeo Narain Singh	Key Management Personnel	106.5	38.1
	Mr. Jayanti Sinha	Relatives of KMP	-	34.3
15	a) Loans Given			
	Ascend Laboratories SpA, Chile	Subsidiary	-	92.2
	Alkem Laboratories Corporation, Philippines	Subsidiary	-	57.6
	Enzene Biosciences Ltd. India	Subsidiary	229.4	67.3
	S&B Pharma Inc. USA	Subsidiary	-	56.8

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(₹ in million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2016	Year ended 31 March 2015
	b) Loans Repayment			
	S&B Holdings B.V. Netherland	Subsidiary	-	65.0
	Pharmacor Pty Limited	Subsidiary	2.5	-
	Mr. Prabhat Agrawal	Key Management Personnel	3.0	
16	Sale of Assets/Assets under construction			
	Mr. Basudeo Narayan Singh	Key Management Personnel	-	34.7
	Enzene Biosciences Ltd. India	Subsidiary	3.6	-
17	Refund of share application money			
	Enzene Biosciences Ltd. India	Subsidiary	8.6	-
18	Reimbursement of expenses to			
	Ascend Laboratories, LLC USA	Step Down Subsidiary	116.9	-
	Pharmacor Pty Limited	Subsidiary	-	13.3
	S&B Pharma Inc., USA	Subsidiary	20.9	62.1
19	Reimbursement of expenses from			
	The PharmaNetwork LLC	Step Down Subsidiary	11.8	13.8
	S & B Pharma Inc, USA	Subsidiary	6.5	-
20	Interest Income on loans given			
	Enzene Biosciences Ltd. India	Subsidiary	36.3	19.0
	S & B Pharma Inc, USA	Subsidiary	26.4	20.2
	Ascend Laboratories Spa (Chille)	Subsidiary	9.5	-
21	Bonds pledged against loan taken by			
	The PharmaNetwork LLC	Step Down Subsidiary	805.1	1,387.5
	S & B Pharma Inc, USA	Subsidiary	644.1	-
	Ascend Laboratories Spa (Chille)	Subsidiary	128.8	-
22	Dividend received			
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	7.7	-

Balance due from / to the related Parties

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Outstanding Receivables (net of provision for doubtful debts of ₹ 108.0 million)	2,515.1	-	-	-	2,515.1
2	Outstanding Payables	306.1	-	-	43.7	349.8
3	Investments	6,504.9	-	-	-	6,504.9
4	Loans Receivable (net of provision for doubtful advances of ₹ 35.2 million)	1,495.1	-	-	-	1,495.1

Notes

to the Standalone Financial Statements

(₹ in million)

Sr. No.	Particulars	As at 31 March 2015				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Outstanding Receivables	1,589.7	-	-	-	1,589.7
2	Outstanding Payables	254.6	-	-	53.8	308.4
3	Investments	5,910.5	-	-	-	5,910.5
4	Loans Receivable	1,143.6	3.0	-	-	1,146.6

Note:

1 The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2015. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2015 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements,particularly on amount of tax expense and that of provision for taxation.

2 **Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013 (hereinafter referred to as "Act")**

a) **Loans and Advances in the nature of loans to subsidiaries (net of provision for doubtful advances) ***

(₹ in million)

Sr. No.	Transactions	Relationship	Year ended 31 March 2016	Maximum balance outstanding during the year	Year ended 31 March 2015
i	Alkem Laboratories (NIG) Limited	Wholly Owned Subsidiary	24.8	60.0	56.6
ii	Alkem Laboratories Corporation	Wholly Owned Subsidiary	187.3	187.3	155.3
iii	Alkem Pharma GmbH	Wholly Owned Subsidiary	2.0	2.0	1.4
iv	Pharmacor Pty Limited	Wholly Owned Subsidiary	55.7	55.7	51.9
v	Enzene Biosciences Ltd.	Wholly Owned Subsidiary	521.1	521.1	259.2
vi	Ascend Laboratories SpA	Wholly Owned Subsidiary	141.2	141.2	114.1
vii	S & B Pharma Inc.	Wholly Owned Subsidiary	547.2	547.2	491.2
viii	The PharmaNetwork, LLP	Wholly Owned Subsidiary	15.8	15.8	13.9

***The above loans** given during the year are given towards meeting **working capital requirements** and are repayable in accordance with the terms and conditions of loan agreements carries an interest rate of 9% p.a. for foreign subsidiaries and 10% p.a. for Indian subsidiaries

b) Details of investments made under section 186 of the Act are given in Note 2.11 "Non Current Investments".

c) **Securities pledged against loan taken by subsidiaries ****

(₹ in million)

Sr. No.	Transactions	Relationship	Year ended 31 March 2016	Year ended 31 March 2015
i	ThePharmaNetwork, LLC	Wholly owned Subsidiary of S&B Holdings B.V.	805.1	1,387.5
ii	S & B Pharma Inc.	Wholly Owned Subsidiary	644.1	-
iii	Ascend Laboratories SpA	Wholly Owned Subsidiary	128.8	-
iv	Cachet Pharmaceuticals Pvt. Ltd	Subsidiary	55.0	-

****The securities pledged** against loans taken by subsidiaries are for the purpose of meeting **working capital requirements**

Notes

to the Standalone Financial Statements

NOTE-2.37 During the year ended 31 March 2016, the Company has sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations to Ordain Health Care Global Private Limited for a total consideration of ₹ **205.0 million**.

NOTE-2.38 PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
As Auditor		
Audit fees	7.7	4.5
In other capacity		
Taxation matters	0.6	-
In any other services such as certification, etc.	4.9	0.0
Reimbursement of out of pocket expenses	0.5	0.2
Other Services (In connection with intial public offering)*	16.4	-
Total	**30.1**	**4.7**

*The amount is recovered from shareholders whose shares were offered for sale in the intial public offering.

NOTE-2.39 ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 5(VIII) OF SCHEDULE III

a) Consumption of Raw materials

(₹ in million)

Items	Year ended 31 March 2016	Year ended 31 March 2015
Antibiotics	4,172.0	4,013.1
Analgesics	135.7	58.8
Others	2,727.8	2,094.4
Total	**7,035.5**	**6,166.3**

b) Value and % of Imported & Indigenous Raw Materials, Spare parts & Components consumed:

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
(i) Raw Materials:		
Imported		
Value	987.1	1395.5
% of total consumption	14.03%	22.63%
Indigenous		
Value	6,048.4	4,770.8
% of total consumption	85.97%	77.37%
Total		
Value	7,035.5	6,166.3
% of total consumption	100.00%	100.00%
(ii) Stores & Spares:		
Imported		
Value	102.9	107.3
% of total consumption	25.84%	25.63%
Indigenous		
Value	295.4	311.4
% of total consumption	74.16%	74.37%

Notes

to the Standalone Financial Statements

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Total		
Value	398.3	418.7
% of total consumption	100.00%	100.00%

c) Value of Imports (on CIF basis)

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Raw Materials	1,138.3	1,207.2
Components, Stores and Spare Parts	102.9	107.3
Capital Goods	299.1	141.2
Total	**1,540.3**	**1,455.7**

d) Earnings in Foreign currrency (accrual basis)

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Export of goods (at F.O.B.)	6,461.1	3,443.8
Freight	11.2	4.3
Royalty income	44.5	41.5
Interest income	46.5	22.6
Others	-	3.9
Total	**6,563.3**	**3,516.1**

e) Expenditure in Foreign currency (accrual basis)

(₹ in million)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Travelling Expenses	31.0	79.7
Salaries	112.6	113.7
Legal and Professional Fees	552.8	291.3
License Fees and Product Registrations	172.7	211.5
Clinical and analytical charges	165.9	37.2
Miscellaneous Expenses	436.4	401.0
Total	**1,471.4**	**1,134.4**

NOTE-2.40 DETAILS OF PURCHASES, TURNOVER AND INVENTORY

a) Purchases of stock in trade:

(₹ in million)

Classification	Year ended 31 March 2016	Year ended 31 March 2015
Tablets	1,443.8	1,415.9
Capsules	1,158.6	1,039.9
Dry Syrups	38.5	94.2
Liquids	1,411.2	1,254.1
Injections	883.9	739.2
Others	1,183.4	1,020.2
Total	**6,119.4**	**5,563.5**

Notes

to the Standalone Financial Statements

b) Turnover:

(₹ in million)

Classification	Finished Goods		Stock in Trade	
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
Tablets	12,873.9	10,374.5	3,031.9	2,804.2
Capsules	5,415.7	4,068.5	3,094.8	2,672.3
Dry Syrup	2,873.1	1,757.8	127.1	177.9
Liquids	802.4	780.5	2,310.3	2,003.1
Injections	4,659.7	4,662.2	1,227.9	1,149.3
Bulk Drugs	1.1	1.3	-	-
Others	1,061.6	917.8	2,050.3	373.4
Total	**27,687.6**	**22,562.7**	**11,842.3**	**9,180.2**

c) Inventories (finished goods including stock-in-trade)

(₹ in million)

Classification	As at 31 March 2016	As at 31 March 2015
Tablets	1,185.0	1,068.6
Capsules	799.5	763.9
Dry Syrup	159.6	155.5
Liquids	431.9	355.0
Injections	909.9	838.5
Bulk Drugs	30.1	15.4
Others	394.8	376.1
Total	**3,910.8**	**3,573.0**

d) Inventories (work-in-progress)

(₹ in million)

Classification	As at 31 March 2016	As at 31 March 2015
Formulations	233.4	232.2
Bulk Drugs	11.3	9.7
Total	**244.7**	**241.9**

NOTE-2.41 DERIVATIVE CONTRACTS

Company has entered into an interest rate swap contract to hedge the interest rate risk with respect to the foreign currency borrowing with a variable interest rates based on LIBOR. The Company has fair valued the financial instruments and the reversal of mark to market losses on the instrument has been recognised to the Statement of Profit and Loss during the year amounting to ₹ **3.1 million** (Previous year ₹ 10.9 million - Charged to the statement of profit & loss)

NOTE-2.42 The gross amount required to be spent on Corporate Social Responsibilities ("CSR") by the Company during the year is ₹ **90.9 million** (Previous year : ₹ 94.6 million) The Company has spent ₹ **30.1 million** (Previous Year : 12.0 million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Notes

to the Standalone Financial Statements

Amount spent during the year on:

		In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	-	-	-
		-	-	-
ii)	On purposes other than (i) above	30.1	-	30.1
		(12.0)	-	(12.0)

Figures in the brackets are the corresponding figures of the previous year.

NOTE-2.43 During the previous year, the Company has settled some pending legal matters. As a part of such settlements, the Company has paid ₹ 262.5 million which is shown under Miscellaneous expenses in Other Expenses in previous year under note 2.26.

NOTE-2.44 During the year ended 31 March 2016, considering future growth requirement of domestic business, the Company has commenced construction of new units at Sikkim which will be entitled for fiscal incentives including benefit under income tax. Further, Finance Act 2016 has partially extended income tax benefit on Research and Development expenditure up to fiscal year 2019-20. These factors may result into lower utilisation of accumulated MAT credit entitlement. Consequently, MAT credit entitlement of ₹ **834.1 million** has been written off during the year, which is shown under "MAT entitlement credit of earlier years written off" in Tax Expenses.

NOTE-2.45 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date attached,

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner

Membership No. 048648

Mumbai
Date : 27 May, 2016

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Samprada Singh
Chairman Emeritus
DIN No.00760279

B.N. Singh
Executive Chairman
DIN No.00760310

D.K.Singh
Joint Managing Director
DIN No.00739153

Sandeep Singh
Joint Managing Director
DIN No.01277984

B.P. Singh
Director
DIN No.00739856

M.K. Singh
Director
DIN No.00881412

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

P.V.Damodaran
VP - Business Finance

Mumbai
Date : 27 May, 2016

Independent Auditor's Report

The Members of
Alkem Laboratories Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21, Consolidated Financial Statements). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making 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.

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31 March 2016;

ii) in the case of the Consolidated Statement of Profit and Loss, of the consolidated profits for the year ended on that date; and

iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements and other financial information of seventeen subsidiaries. These subsidiaries reflect total assets of ₹ 17,178.2 million as at 31 March 2016, total revenues of ₹ 17,818.1 million and net cash inflows amounting to ₹ 995.6 million for the year then ended, as considered in the consolidated financial statements. Of the above:

(a) The financial statements and other financial information of nine subsidiaries incorporated outside India, as drawn up in accordance with the generally accepted accounting principles of those respective countries ('the local GAAP'), have been audited by other auditors duly qualified to act as auditors in those countries and whose reports have been furnished to us. For the purpose of preparation of the consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management, so that they conform to the generally accepted accounting principles in India. These subsidiaries, reflect total assets of ₹ 9005.3 million as at 31 March 2016, total revenues of ₹ 11,781.8 million and net cash inflows amounting to ₹ 163.3 million for the year then ended, as considered in the consolidated financial statements. Our opinion on the consolidated financial statements, insofar as it relates to these subsidiaries, is based solely on the aforesaid audit reports of those other auditors.

(b) The financial statements and other financial information of the remaining eight subsidiaries, whose financial statements reflect total assets of ₹ 8172.9 million as at 31 March 2016, total revenues of ₹ 6,036.3 million and net cash inflows amounting to ₹ 832.3 million for the year then ended, as considered in the consolidated financial statements, have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the other auditors

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of reports of the other auditors on the separate financial statements of subsidiaries, as noted in the 'Other Matter' paragraph, 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.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representation received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies is disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and Subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure I; and

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

the consideration of the reports of the other auditors on separate financial statements as also the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its subsidiary companies – Refer note 2.29 (a) to the consolidated financial statements.

ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2016.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
27 May 2016

Annexure I
to the Independent Auditor's Report – 31 March 2016 on the Consolidated Financial Statements

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("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 the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing

the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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 Holding Company and its subsidiary companies, incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 ICAI.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
27 May 2016

Consolidated Balance Sheet

as at 31st March, 2016

(₹ In million)

Particulars	Note No.	As At 31 March 2016	As At 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2.1	239.1	239.1
Reserves and surplus	2.2	34,787.4	29,751.4
		35,026.5	**29,990.5**
Deferred Government Grant		31.0	35.8
Minority Interest	2.42	965.4	856.5
Non-Current Liabilities			
Long-term borrowings	2.3	1,211.6	334.3
Deferred tax liabilities (Net)	2.4	1,027.3	963.5
Other long-term liabilities	2.5	23.0	51.4
Long-term provisions	2.6	778.4	665.8
		3,040.3	**2,015.0**
Current Liabilities			
Short-term borrowings	2.7	4,642.5	11,285.7
Trade payables	2.8		
Dues to Micro and Small Enterprises		653.9	467.2
Dues to Others		5,138.9	4,192.1
Other current liabilities	2.9	3,671.3	3,270.6
Short-term provisions	2.10	1,216.9	844.2
		15,323.5	**20,059.8**
Total		**54,386.7**	**52,957.6**
ASSETS			
Non-Current Assets			
Fixed assets	2.11		
Tangible assets		10,319.2	9,726.5
Intangible assets		565.8	595.9
Capital work-in-progress		1,724.5	1,106.9
Goodwill on consolidation	2.41	3,530.6	3,421.0
Non-current investments	2.12	2,263.4	4,197.3
Deferred tax assets (net)	2.14	82.3	44.8
Long-term loans and advances	2.15	6,440.0	5,421.7
Other non-current assets	2.16	2,399.3	5,063.0
		27,325.1	**29,577.1**
Current Assets			
Current investments	2.13	1,956.7	610.5
Inventories	2.17	9,094.3	7,842.3
Trade receivables	2.18	5,645.1	5,270.8
Cash and bank balances	2.19	7,964.3	7,907.6
Short-term loans and advances	2.20	1,563.9	1,296.3
Other current assets	2.21	837.3	453.0
		27,061.6	**23,380.5**
Total		**54,386.7**	**52,957.6**
Significant Accounting Policies	1		
Notes to the consolidated financial Statements	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner

Membership No. 048648

Mumbai
Date : 27 May, 2016

Samprada Singh
Chairman Emeritus
DIN No.00760279

B.N. Singh
Executive Chairman
DIN No.00760310

D.K.Singh
Joint Managing Director
DIN No.00739153

Sandeep Singh
Joint Managing Director
DIN No.01277984

B.P. Singh
Director
DIN No.00739856

M.K. Singh
Director
DIN No.00881412

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

P.V.Damodaran
VP - Business Finance

Mumbai
Date : 27 May, 2016

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2016

(₹ In million)

Particulars	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
INCOME			
Revenue from operations (Gross)	2.22	51,608.3	38,598.6
Less: Excise duty		1,692.9	1,165.1
Revenue from operation (Net)		**49,915.4**	**37,433.5**
Other income	2.23	1,645.1	1,810.4
Total revenue		**51,560.5**	**39,243.9**
EXPENSE			
Cost of materials consumed	2.24	11,712.7	8,620.3
Purchases of stock -in- trade		8,802.3	8,622.5
Changes in inventories of finished goods, work -in-progress and stock -in- trade	2.25	(903.3)	(336.8)
Employee benefit expense	2.26	9,171.3	6,458.7
Finance costs	2.27	670.6	811.1
Depreciation and amortisation	2.11	1,005.8	709.4
Other expenses	2.28	12,650.1	9,850.5
Total expense		**43,109.5**	**34,735.7**
Profit before tax		**8,451.0**	**4,508.2**
Tax expense :			
Current tax		2,161.2	874.5
Minimum Alternate Tax (MAT) Credit Entitlement		(1,443.0)	(790.0)
MAT entitlement credit of earlier years written off **(Refer Note 2.49)**		834.1	175.1
Tax adjustments for earlier years		(0.9)	25.3
Deferred tax charge		54.6	307.4
Total tax expense		**1,606.0**	**592.3**
Profit after tax and before minority interest		**6,845.0**	**3,915.9**
Less: Minority Interest		(113.8)	-
Profit for the year		**6,731.2**	**3,915.9**
Earnings per equity share (in ₹) ;- Face value of ₹ 2 Each **(Refer Note 2.37)**			
Basic		56.30	32.75
Diluted		56.30	32.75
Significant Accounting Policies	1		
Notes to the consolidated financial statements	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

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CIN: U00305MH1973PLC174201

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Sr.VP - Legal & Company Secretary

P.V.Damodaran
VP - Business Finance

Mumbai
Date : 27 May, 2016

Consolidated Cash Flow Statement

for the year ended 31st March, 2016

(₹ In million)

	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A	**CASH FLOW FROM OPERATING ACTIVITY:**		
	Profit before Tax	**8,451.0**	**4,508.2**
	Adjustment for:		
	Depreciation and amortisation expense	1,005.8	709.4
	Provision for diminution in value of investments	1.6	(16.4)
	Provision no longer required , written back	(7.5)	-
	Profit on sale of investments	(18.8)	(156.1)
	Loss on sale of assets	127.5	49.3
	Employee stock compensation expenses	0.2	-
	Unrealised foreign currency gain / loss on revaluation (net)	75.1	41.1
	Dividend Income	(1.0)	(3.1)
	Income from investment in funds	(102.0)	(283.2)
	Interest Income	(1,263.2)	(1,292.5)
	Interest expenses	670.6	769.7
	Bad Debts/Advances written off	146.0	97.9
	Provision of doubtful debts	50.6	4.3
	Government grant received/ (amortised)	(4.8)	35.8
	Rent and compensation Income	(27.4)	(34.4)
	Subtotal of Adjustments	**652.7**	**(78.2)**
	Operating profit before working capital changes	**9,103.7**	**4,430.0**
	Changes in working capital:		
	Increase in trade receivables	(438.7)	(459.8)
	Increase in loans and advances and other current assets	(846.9)	(136.2)
	Increase in inventories	(1,181.2)	(909.4)
	Increase in trade payable and other liabilities	2,166.1	679.3
	Increase in provisions	437.5	707.0
	Subtotal of adjustments	**136.8**	**(119.1)**
	Cash generated from operations	**9,240.5**	**4,311.0**
	Less: Direct taxes paid (net of refund)	(1,982.0)	(1,056.4)
	Net Cash generated from operating activities	**7,258.5**	**3,254.6**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchases of fixed assets	(2,572.0)	(1,381.5)
	Sales of fixed assets	37.4	28.0
	Sale of investments (Net)	324.7	1,028.3
	Proceeds from real estate fund	389.2	510.5
	Investments in Subsidiaries (Net)	-	(2,074.0)
	Redemption /(investments) in bank deposits having maturity of more than 3 months	2,067.8	(1,405.8)
	Dividend received	1.0	3.1
	Interest received	1,588.7	887.3
	Rent received	27.4	34.4
	Net cash generated from / (used in) investing activities	**1,864.2**	**(2,369.6)**

Consolidated Cash Flow Statement

for the year ended 31st March, 2016

(₹ In million)

	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds / (Repayment) of long term borrowings	130.4	(1,082.2)
	(Repayment) / Proceeds of Short term borrowings	(6,840.1)	1,953.6
	Dividends and corporate dividend tax paid	(1,845.0)	(566.7)
	Decrease in capital leases	(4.7)	(29.3)
	Interest and bank charges paid	(713.3)	(793.2)
	Net cash (used) in financing activities	**(9,272.7)**	**(517.8)**
D	**NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)**	**(150.0)**	**367.2**
E	**CASH & CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR**	**1,396.0**	**1,008.2**
	Add/Less: Exchange difference on cash and cash equivalents	24.4	20.6
F	**CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR (D+E)**	**1,270.4**	**1,396.0**
	Notes:		
	1. Cash and cash equivalents include:		
	Cash on hand	6.5	9.5
	Cheque on hand	75.7	58.6
	Balance with banks	1,149.8	1,327.9
	Deposit	38.4	-
	Total cash and cash equivalents	**1,270.4**	**1,396.0**

Notes:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS-3) on Cash Flow Statement.

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

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Notes

to the Consolidated Financial Statements

NOTE-1: SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of Financial Statements:

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ('the Act'), to the extent applicable .The accounting policies adopted in preparation of the consolidated financial statement are consistent with those followed in the previous year unless otherwise stated.The Financial statement are prepared in Indian rupees rounded off to the nearest million.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of Alkem Laboratories Limited ("the Company"), namely March 31, 2016.

Operating Cycle:

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalent.

1.2 Principles of consolidation:

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") and have been consolidated in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements", on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and unrealised profits / losses in full.

The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies. The excess/ deficit of cost to the Parent Company of its investment over its portion of equity in the subsidiaries at the respective dates on which investment in the subsidiaries was made is recognised in the Consolidated Financial Statements as "Goodwill on Consolidation" or "Capital Reserve" as the case may be. The said goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for.

Minority interest in the net assets of the consolidated subsidiaries consist of:

a) The amount of equity attributable to minorities as at the date on which the investment in a subsidiary is made and,

b) The minorities share of movements in equity since the date the parent-subsidiary relationship came into existence.

Minority interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Minority interest in the income or loss of the company is separately presented.

Subsidiaries acquired/ sold during the year have been consolidated from/ up to the respective date of their acquisition/ disposal. The difference between the proceeds from sale/ disposal of investment in a subsidiary and the carrying amount of assets less liabilities as of the date of sale/ disposal is recognised in the Consolidated Statement of Profit and Loss as the profit or loss on sale/ disposal of investment in subsidiary.

Notes

to the Consolidated Financial Statements

The details of the subsidiaries consolidated are as follows:

Name of Subsidiaries	Country of Incorporation	% of Interest	
		As at March 31 2016	As at March 31 2015
Alkem Laboratories (Nigeria) Limited	Nigeria	100%	100%
Alkem Laboratories Corporation	Philippines	100%	100%
Alkem Laboratories Pty Ltd	South Africa	100%	100%
S & B Holdings B.V	Netherlands	100%	100%
Alkem Pharma Gmbh	Germany	100%	100%
Pharmacor Ltd	Australia	100%	100%
The PharmaNetwork LLC*	United States Of America ("U.S.")	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
S & B Pharma Inc.***	United States Of America ("U.S.")	100%	100%
Enzene Biosciences Limited	India	100%	100%
Ascend Laboratories, LLC**	United States Of America ("U.S.")	100%	100%
Alkem Laboratories, Korea Inc	Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Alkem Real Estate LLP#	India	-	99%
Ascend Laboratories (UK) Limited (w.e.f August 6, 2014)	United Kingdom	100%	100%
Cachet Pharmaceuticals Private Limited (w.e.f. March 27,2015)	India	51%	51%
Indchemie Health Specialities Private Limited (w.e.f. March 30, 2015)	India	51%	51%

*Ownership interest held through S & B Holding B.V., Netherland
** Ownership interest held through The Pharmanetwork LLC
*** During the previous year the Company has acquired 51% share holding from S&B Holding B.V Netherland, consequently making it a wholly owned direct subsidiary.
#Alkem Real Estate LLP has been wound up on September 11, 2015

1.3 Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affects the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an on going basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 Tangible Fixed Assets

a) Tangible Fixed Assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed assets comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if

Notes

to the Consolidated Financial Statements

such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.
b) Cost of tangible fixed assets not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Long Term Loans & Advances.

1.5 Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Goodwill that arises on an amalgamation or on the acquisition of a business is presented as an intangible asset.

Goodwill arising from amalgamation or on the acquisition of a business is measured at cost less accumulated amortisation and any accumulated impairment loss. Such goodwill is amortised over its estimated useful life or five years whichever is shorter. Goodwill is tested for impairment annually.

1.6 Depreciation and Amortisation:

Depreciation is provided on a straight line basis for all assets. Depreciation is provided based on the useful life of an assets. Pursuant to Schedule II of Companies Act, 2013, the remaining useful life has been revised wherever appropriate based on an evaluation by an independent valuer. The carrying amount as on April 01, 2014 is depreciated over the revised remaining useful life. The subsidiaries in India use the rates as prescribed in the Schedule II to the Companies Act, 2013. Depreciation on amounts of additions to fixed assets during the year or on its disposal/ demolition/ destruction of fixed assets during the year is provided on pro-rata basis as per Schedule II. Wherever the remaining useful life of the asset is NIL as per Schedule II, the carrying amount as on 1st April, 2014 is recognised in the Statement of Profit and Loss.

Notes

to the Consolidated Financial Statements

In case of following assets, the assessed useful life is as under:-

Fixed asset	Company and Subsidiary in India	Step down Subsidiary TPN LLC, USA and S&B Pharma Inc., USA	Subsidiary in Australia – Pharmacor Ltd	Subsidiary in Nigeria	Subsidiary in Philippines	Subsidiary in South Africa	Subsidiary in Chile	Subsidiary in Kazakhstan
Buildings	5-59 years	-	-	-	-	-	-	-
Leasehold land	Over the period of lease	-	-	-	-	-	-	-
Plant and machinery	1 - 20 years	5 - 7 years	-	-	-	-	-	-
Furniture and fixtures	10 years	7 years	5 years	5 years	3 Years	6 Years	10 Years	5 - 6 Years
Office equipment	3 - 6 years	5 years	2.5 years	5 years	3 Years	3 Years	3.5 - 4.83 years	4 Years
Vehicle	8 years	5 years	-	4 years	-	-	8 years	3 -6 Years
Leasehold improvements		7 - 39 years	5 years	-	3 Years	-	-	-
Trademark and patents	5 years	-	-	-	-	-	-	-
Computer Software	3 - 6 years	3 years	3 years	-	3 Years	-	-	2.5 Years
Intangible assets – Technology	-	10 years	-	-	-	-	-	-
Goodwill on asset acquisition	-	5 years	-	-	-	-	-	-

Notes

to the Consolidated Financial Statements

1.7 Operating Leases/ Finance lease:

Assets taken/given on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease in accordance with the respective lease agreements. Lease under which the company assumes substantially all the risk and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.8 Investments:

Long-term investments are stated at cost which includes cost of acquisition and related expenses. Investments in equity/ordinary shares in foreign currency are stated at cost by converting at exchange rate prevailing at the time of acquisition. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary. Current Investments are carried at lower of cost and fair value. Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Non-current investments". Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets.

1.9 Inventories:

a) Raw Materials & Packing Materials are valued at lower of cost or net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work–in–Progress are valued at lower of cost and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost (on Moving weighted average basis) or net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1.10 Revenue Recognition:

a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Group and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Sales are also netted off for probable non-saleable return of goods from the customers, estimated on the basis of historical data and trends of such returns. Additionally in case of Subsidiaries in the U.S. customer rebates are estimated at the end of every reporting period, based on direct or indirect purchases. If the purchases are direct (purchases made by end use customers directly from the Company), the rebates are recognised when products are purchased and a periodic credit is given. For indirect purchases (purchases by end use customers through wholesale customers), the rebates are recognised based on the terms with such customer and validated against available chargeback data. Medicaid rebates are estimated based on the historical data the Company receives from the public sector benefit providers, which is based on the final dispensing of the products by a pharmacy to a benefit plan participant.

b) Revenue (including in respect of insurance or

Notes

to the Consolidated Financial Statements

other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

c) Income from research and product registration (dossiers) services and technology income is recognised as revenue when earned in accordance with the terms of the relevant agreements.

d) Revenue from service contracts are recognised on the percentage-of-completion method, measured by the proportion of costs incurred to date to estimated costs for each service contracts. The differences between the timings of billings and the recognition of revenue on uncompleted contracts are recognised as either unbilled accounts receivable or billings in excess of costs and earnings.

The provisions for losses on incomplete contracts are made in the period in which the revisions are determined.

e) Dividend from investment is recognised as revenue when right to receive the payments is established.

f) Interest income is recognised on time proportionate basis.

g) Profit on disposal/ sale of Investments is recognised as income in the period in which the investment is sold/disposed off.

1.11 Export Incentives:

Export benefits available under relevant schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

1.12 Excise Duty and CENVAT:

In accordance with the method of accounting regularly employed by the group, Cenvat has been accounted on the basis of "exclusive method" as recommended by the Institute of Chartered Accountants of India wherever applicable. Provision for excise duty has been made on goods lying in bonded warehouses.

1.13 Research and Development:

Revenue expenditure incurred on research and development is charged to the respective heads in the consolidated statement of Profit and Loss, in the year it is incurred and Capital expenditure thereon is included in the respective heads under fixed assets.

1.14 Foreign Exchange Transactions/Translation:

a) Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognised in the Consolidated Statement of Profit and Loss.

b) Exchange Differences arising on translation of short term monetary items denominated in foreign currency are restated using the exchange rate prevailing as at the date of the Balance Sheet and the resulting exchange difference is recognised in consolidated statement of Profit and Loss.

c) The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement over the maturity period of such items. If such items do not relate to acquisition of depreciable fixed assets.

d) In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of short term monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognised in the consolidated statement of Profit and Loss. Any profit/loss arising on cancellation of forward exchange contract is recognised as income or expense of the year. Premium/discount arising on such forward exchange contracts is amortised as income/ expense over the life of contract.

e) Foreign offices/branches: In respect of the foreign offices/branches, which are integral foreign operations, all revenues and expenses (except depreciation) during the year are reported at average rate. Monetary assets and liabilities are restated at the year-end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on

Notes
to the Consolidated Financial Statements

the date of the transaction Foreign Currency Loss/Gain on transaction/translation is recognised in consolidated statement of Profit and Loss.

f) Foreign Subsidiaries: In case of foreign subsidiaries, the local accounts are maintained in their local currency.

A) The financial statements of the subsidiaries, whose operations are integral foreign operations for the Company, have been translated to Indian Rupees on the following basis:

i) All income and expenses are translated at the average rate of exchange prevailing during the year.

ii) Monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.

iii) Non monetary assets and liabilities are translated at historical rates.

iv) The resulting exchange difference is accounted in 'Exchange Rate Difference on Translation Account' and is charged / credited to the Consolidated Statement of Profit and Loss.

B) The financial statements of subsidiaries, whose operations are non-integral foreign operations for the Company, have been translated to Indian Rupees on the following basis:

i) All income and expenses are translated at the average rate of exchange prevailing during the year.

ii) Monetary and non monetary assets and liabilities are translated at the closing rate as on the Balance Sheet date.

iii) The resulting exchange difference is accounted in 'Foreign Currency Translation Reserve' and carried in the Balance Sheet.

1.15 Employee Benefits:

a) Post Employment Benefits and Other Benefits:

i) Defined Contribution Plan:

The Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Consolidated Statement of Profit and Loss.

The Group's contribution towards provident fund and superannuation fund for certain eligible employees are considered to be defined contribution plan for which the Group made contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans:

Group's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the consolidated statement of Profit and Loss account in the year of occurrence of such gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets.

b) Short term employee Benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

Notes

to the Consolidated Financial Statements

1.16 Taxes on Income:

Income Tax is accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income". Tax expense comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognised as current tax in the Consolidated Statement of Profit and Loss. The credit available under the Income tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted tax rates. At each balance sheet date the Group reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

1.17 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Consolidated Statement of Profit and Loss of the year in which they are incurred.

1.18 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the year in which the change occurs.

1.19 Impairment of Assets:

In accordance with AS 28 on 'Impairment of assets', the Company assesses at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs, exceeds it recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

1.20 Government Grants:

Government Grants of Capital nature received as cash subsidy is accounted as Capital Reserve in the year of its receipt or when there is a reasonable certainty of its being received. Grants related to depreciable assets are treated as deferred income which is recognised in the statement of profit and loss on a systematic and rational basis

Notes

to the Consolidated Financial Statements

over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable certainty of its being received.

1.21 Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

1.22 Derivative Instruments

Any loss arising out of marking of a class of derivative contracts to market price is recognised in the Consolidated Statement of Profit and Loss. Income, if any, arising out of marking of a class of derivative contracts to market price is not recognised in the Consolidated Statement of Profit and Loss.

1.23 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

1.24 Employee Stock option Scheme

The excess of fair value of shares, at the date of grant of options under the Employee Stock Option Schemes of the Company, over the exercise price is regarded as employee compensation, and recognised on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

NOTE-2: NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE-2.1 SHARE CAPITAL

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Authorised Share Capital:		
250,000,000 equity shares of ₹ 2/- each (Previous Year 250,000,000 equity shares of ₹ 2/- each)	500.0	500.0
	500.0	500.0
Issued, Subscribed and Paid up:		
119,565,000 equity shares of ₹ 2/- each fully paid up (Previous Year 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
Total	239.1	239.1

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number	₹ in million	Number	₹ in million
At the commencement of the year	119,565,000	239.1	11,956,500	119.6
Add: Increase in the number of shares after sub division in face value from ₹ 10 to ₹ 2 **(Refer Note 2.1(d))**	-	-	47,826,000	-
Add: Bonus Shares issued during the year **(Refer Note 2.1(e))**	-	-	59,782,500	119.5
Less: Shares bought back during the year	-	-	-	-
At the end of the year	119,565,000	239.1	119,565,000	239.1

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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(c) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders:	As at 31 March 2016		As at 31 March 2015	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:				
Mr. Basudeo Narain Singh	8,405,950	7.03%	9,528,600	7.97%
Mrs. Jayanti Sinha	7,138,220	5.97%	8,573,000	7.17%
Mr. Nawal Kishore Singh	4,311,060	3.61%	6,702,360	5.61%
Mr. Balmiki Prasad Singh	6,257,355	5.23%	6,215,760	5.20%

(d) Change in face value of equity shares:

During the previous year ended 31 March 2015, pursuant to the approval of the members at the Extra ordinary general meeting of the Company held on 16 March 2015 to the sub-division of the Equity Shares of the Company, each Equity Share of face value of 10 each was sub-divided into 5 (five) Equity Share of 2 each. The effective date for the said sub-division was 16 March 2015.

(e) Aggregate Number of Bonus Shares Issued during the year and five preceding years:

During the year Nil (Previous Year 59,782,500) Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalization of General Reserves.

NOTE-2.2 RESERVES AND SURPLUS

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital Reserve:		
Investment Subsidies from State Governments		
At the commencement and at end of the year	5.2	5.2
Employee stock options outstanding account:		
At the commencement of the year	-	-
Add: Employee compensation expenses for the year	0.2	-
Less: Utilisation during the year	-	-
At the end of the year	**0.2**	**-**
General Reserve:		
At the commencement of the year	19,380.5	19,500.0
Less: Bonus Shares Issued during the year **(Refer Note No. 2.1 (e))**	-	119.5
Add: Transfer from surplus in the statement of profit and loss during the year	170.0	-
At the end of the year	**19,550.5**	**19,380.5**
Foreign Currency Translation Reserve		
At the commencement of the year	158.2	68.1
Add: Exchange rate difference on translation (Net)	134.2	90.1
At the end of the year	**292.4**	**158.2**
Surplus in the Statement of Profit and Loss:		
At the commencement of the year	10,207.5	6,858.4
Add: Profit for the year	6,731.2	3,915.9
	16,938.7	**10,774.3**
Less: Appropriations:		
Transfer to General Reserve	170.0	-
Interim dividend on Equity Shares (amount per share of (face value of ₹ 2 each) ₹ 12.70 (previous year amount per share of (face value of ₹ 10 each) ₹ 40)) - **Refer Note 2.1(d)**	1,518.5	478.3
Dividend Distribution Tax	311.1	88.5
At the end of the year	**14,939.1**	**10,207.5**
Total	**34,787.4**	**29,751.4**

Notes

to the Consolidated Financial Statements

NOTE - 2.3 LONG-TERM BORROWINGS:

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured:		
Foreign Currency Term Loans from Banks	-	281.3
SBIRI - Government of India	1.8	2.1
Term Loan from Bank	1,119.8	43.6
Hire Purchase Loan	3.4	2.8
Other Loan	-	4.5
Unsecured		
Others*	86.6	-
Total	**1,211.6**	**334.3**

* Other includes loan from related party ₹ **60.7 million** (Previous year ₹ Nil) - **Refer note 2.35**

Notes :

The Company:

Foreign Currency Term Loan from Bank is a loan of US $ **4.5 million** (₹ **298.1 million**) (Previous Year $ 9 million (₹ 562.6 million)) which carries an interest @ applicable LIBOR plus margin (150 basis points). The Company has entered into a Interest rate swap derivative of fixed interest rate @ 3.57% p.a. The balance loan is repayable on 28 October 2016. Amount falling due for payment on 28 October 2016 is disclosed under other current liabilities amounting to ₹ **298.1 million** (Previous year ₹ 281.3 million).

The Foreign Currency Term Loan from bank of $ 4.5 million is secured by a first pari passu charge on the movable fixed assets of the company (plant and machinery)

Enzene Biosciences Limited

Secured Loan consists of loan from Small Business Innovation Research Initiative " SBIRI" - Government of India, carries 0% Interest and is repayable in remaining 6 Instalments of ₹ **0.3 million**- each commencing from November - 2016 . The Loan is secured by Hypothecation of Machinery There is no default on Balance Sheet date in repayment of Loan. The Amount falling due for payment in November 2016 is disclosed under Other current liabilities amounting to ₹ **0.4 million** (Previous year ₹ 0.4 million)

S&B Pharma Inc

Term loan from Citi bank US $ **5.9 million** (₹ 393.5 million) due and payable on 30th April 2018. Quarterly interest only payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.

The loans taken by S&B Pharma inc and ThePharmaNetwork, LLC are secured by issue of SBLC by Citi bank India which is secured by bonds pledged aggregating to a face value of ₹ 1,584.9 million.

The Loan from Citi bank US $ **9.9 million** (₹ 656.1 million) due and payable on 20th September 2018. Quarterly interest only payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.

Cachet Pharmaceuticals Private Limited

Term Loan from The Saraswat Co-op Bank Ltd is ₹ **70.5 million** (Previous year ₹ 43.6 million) secured against mortgage of Company's land and building , plant and machinery situated at Plot No- 1582 to 1586 Baddi, Himachal Pradesh and at Plot No. C- 582 A, RIICO Industrial Area, Bhiwadi , Rajasthan . The Loan is further guaranteed by the Directors of the Company. The loan carries interest at the rate of 12.50% p.a payable till 11 November 2020 in unequal instalment.

Hire Purchase loans from finance companies are secured against respective assets financed by them.

The loan carries interest at the range of 9.65% to 11.39 % rate payable till 5 February 2019 in unequal instalment.

Unsecured loan from others taken at the rate of interest of 10% p.a is repayable after two years.

NOTE-2.4 DEFERRED TAX LIABILITIES (NET):

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Tax effect of items constituting Deferred Tax Liabilities		
On differences between book and tax depreciation	1,272.9	1,041.7
On amortisation of intangible	252.7	213.8
Tax effect of items constituting Deferred Tax Assets		
Provision for employee benefits	354.4	239.0
Others (includes provision for doubtful debts and advances, deferred government grant etc.)	143.9	53.0
Total	**1,027.3**	**963.5**

Notes

to the Consolidated Financial Statements

NOTE-2.5 OTHER LONG-TERM LIABILITIES

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Finance Lease payable	23.0	51.4
	23.0	**51.4**

NOTE-2.6 LONG-TERM PROVISIONS

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Provisions for Employee Benefits		
Gratuity **(Refer note 2.31)**	397.9	329.2
Compensated absences	189.7	168.6
Provision for anticipated sales return **(Refer note 2.38)**	190.8	168.0
	778.4	**665.8**

NOTE-2.7 SHORT TERM BORROWINGS

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured		
Loans repayable on demand from banks	2,641.8	9,089.1
	2,641.8	**9,089.1**
Unsecured		
Working capital loan from banks	1,995.6	2,193.0
Other loans	5.1	3.6
	2,000.7	**2,196.6**
Total	**4,642.5**	**11,285.7**

Notes:

The Company

Secured:

1. Cash Credit from bank for ₹ **Nil** (Previous Year ₹ 620.9 million) and Packing Credit Foreign Currency Loan for ₹ **331.3 million** (Previous Year ₹ 312.5 million) are secured by hypothecation of inventories and trade receivables.
2. Overdrafts from Banks ₹ **1,179.3 million** (Previous Year ₹ 7,336.4 million) are secured against pledge of Fixed Deposits with the banks.
3. Cash Credit and Overdraft Facilities carry a rate of Interest ranging between 8.50% to 10.50% p.a. (previous year 9.60% to 10.75% p.a.), computed on a monthly basis on the actual amount utilized, and are repayable on demand. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 1.15% to 1.45% (Previous Year 1.15% to 1.45%)

Indchemie Health Specialities Private Limited

1. Overdraft from banks ₹ **690.0 million** (previous year ₹ 520.3 million) are secured against fixed deposits placed with respective banks.
2. Working Capital Loan from bank comprises of Cash Credit provided by Saraswat bank and is secured against hypothecation of Co.'s stock, tangible movable property, book debts, receivable and claims and mortgage of property situated at 659/B, Somnath Indl.Area, Kevdi Road, Dabhel Village, Daman UT and the same is further secured by personal guarantee of directors of the company, however there is no working capital outstanding.
3. Bill discounting from bank ₹ **Nil** (previous year ₹ 140.1 million) is secured against trade receivables. The Loan carries interest in the range of 7.85 % to 9.25%.

Cachet Pharmaceuticals Private Limited

1. The Overdraft from bank is ₹ **50.0 million** (previous year Nil) is against fixed deposit of ₹ 100 million.
2. The Cash credit from banks ₹ **134.3 million** (previous year ₹ 108.8 million) is secured against company's entire stocks, book debts and receivables.
3. The Packing Credit (post shipment) from banks ₹ **49.8 million** (previous year ₹ 42.3 million) is secured against the export receivables backed by the letter of credit
4. The loan carries interest in the range of 2.5% to 12.5% and are repayable on demand.

Enzene Biosciences Limited

1. Overdraft from banks ₹ **8.8 million** (previous year ₹ nil) are secured against pledge of fixed deposit with the banks.
2. Overdraft facilities carry a rate of interest ranging between 8.5% to 10.50% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

S&B Pharma Inc

1. Demand loan **US $ 3.0 million** (₹ 198.3 million) due and payable on 30th April, 2016. Interest are paid at quarterly, at variable rate equal to LIBOR + 1.6 % p.a. against Stand by letter of credit issued by Citi Bank India.

Notes

to the Consolidated Financial Statements

Unsecured:

The Company

1. Working Capital Loan from banks comprises of overdraft in ₹ **173.6 million** (previous year ₹ 1,099.4 million) and Packing Credit in Foreign Currencies of ₹ **1,822.0 million** (Previous Year ₹ 1,093.6 million) are repayable on demand.
2. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 1.10% to 2.00% and those in Indian Rupees carries Interest rate in the range of 8.5% to 10% p.a.

NOTE-2.8 TRADE PAYABLES:

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Dues to Micro and Small Enterprises (Refer Note 2.30)	653.9	467.2
Dues to Others	5,138.9	4,192.1
Total	**5,792.8**	**4,659.3**
Due to related parties ₹ **46.7 million** (Previous Year ₹ 53.8 million) **(Refer Note 2.35)**		

NOTE-2.9 OTHER CURRENT LIABILITIES:

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Current maturities of long term borrowings in foreign currencies- **(Refer Note- 2.3)**	700.3	1,439.2
Interest Accrued but not due on Borrowings	10.5	3.3
Due to Statutory Authorities*	311.8	217.8
Advances from Customers	178.9	82.8
Employee payables	1,085.3	378.5
Accrual for Expenses	1,228.7	1,030.3
Security Deposits	124.6	118.8
Unpaid dividend***	0.6	-
Other payables**	30.6	-
Total	**3,671.3**	**3,270.6**

*Due to statutory authorities includes sales tax payable, excise duty payable, tax deducted at source payable, service tax payable, provident fund and other funds payable.

** includes amount set aside for IPO related expenses as recovered from shareholders whose shares were offered for sale in the intial public offering, net of expenses incurred and approved as at 31 March 2016.

*** There are no amounts due for payment to the Investor education and protection fund ("IEPF") under section 125 of the Companies Act, 2013.

NOTE-2.10 SHORT TERM PROVISIONS:

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
For Income Tax (Net of advance tax)	214.0	94.4
For wealth tax	-	0.8
For proposed dividend on equity shares	-	5.0
For corporate dividend distribution tax	-	1.0
For employee benefits:		
Gratuity **(Refer Note 2.31)**	242.0	344.8
Compensated absences	200.5	61.8
Other Benefits	-	0.2
For anticipated sales return **(Refer Note 2.38)**	560.4	336.2
Total	**1,216.9**	**844.2**

Notes
to the Consolidated Financial Statements

NOTE-2.11. - FIXED ASSETS

(₹ in million)

Particulars	GROSS BLOCK							DEPRECIATION AND AMORTISATION						NET BLOCK		
	As at 1st April 2015	Addition on acquisition of subsidiary Company	Additions	Adjustment	Deletions	Foreign Currency Translation Difference	As at 31 March 2016	Up to 31 March 2015	Addition on acquisition of subsidiary Company	For the Year	Adjustment	Deductions	Foreign Currency Translation Difference	Up to 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible Assets																
Freehold Land	1,189.8	-	47.1	-14.8	18.5	-	1,203.6	-	-	-	-	-	-	-	1,203.6	1,189.8
	(348.7)	(17.4)	(194.0)	(629.7)	-	-	(1,189.8)	-	-	-	-	-	-	-	(1,189.8)	(348.7)
Leasehold Land	227.7	-	68.2	14.8	1.4	3.9	313.2	10.3	-	4.5	-	1.5	0.2	13.5	299.7	217.4
	(181.4)	(43.0)	(1.2)	-	-	(2.1)	(227.7)	(6.2)	(1.8)	(2.4)	-	-	0.1	(10.3)	(217.4)	(175.2)
Buildings	3,132.0	-	437.4	-	4.3	11.8	3,576.9	592.3	-	76.8	-	1.2	0.8	668.7	2,908.2	2,539.7
	(3,287.1)	(443.6)	(30.5)	629.7	(7.1)	(7.6)	(3,132.0)	(469.7)	(121.5)	(58.0)	55.2	(2.1)	(0.4)	(592.3)	(2,539.7)	(2,817.4)
Plant and Machinery	7,373.0	-	802.4	(7.0)	309.2	10.0	7,869.2	2,118.4	-	600.8	(0.3)	186.3	1.8	2,534.4	5,334.8	5,254.6
	(6,329.6)	(798.9)	(320.1)	-	(81.4)	(5.8)	(7,373.0)	(1,349.9)	(339.8)	(460.8)	-	(33.4)	(1.3)	(2,118.4)	(5,254.6)	(4,979.7)
Furniture and Fixtures	392.1	-	53.2	(0.4)	4.8	2.5	442.6	206.1	-	42.4	0.3	12.2	6.5	243.1	199.5	186.0
	(327.3)	(52.6)	(12.3)	-	(0.7)	(0.6)	(392.1)	(132.4)	(31.3)	(42.4)	-	(0.2)	(0.2)	(206.1)	(186.0)	(194.9)
Vehicles	289.6	-	46.9	-	41.9	-	294.6	110.8	-	36.5	-	30.4	-	116.9	177.7	178.8
	(193.6)	(66.0)	(62.9)	-	(32.9)	-	(289.6)	(70.7)	(23.3)	(27.6)	-	(10.8)	-	(110.8)	(178.8)	(122.9)
Office Equipment's	369.6	-	100.3	7.4	28.0	2.1	451.4	209.4	-	62.9	-	17.1	0.5	255.7	195.7	160.2
	(260.6)	(51.7)	(62.0)	-	(5.6)	(0.9)	(369.6)	(127.5)	(42.7)	(41.9)	-	(3.4)	(0.7)	(209.4)	(160.2)	(133.1)
Total	**12,973.8**	**-**	**1,555.5**	**-**	**408.1**	**30.3**	**14,151.5**	**3,247.3**	**-**	**823.9**	**-**	**248.7**	**9.8**	**3,832.2**	**10,319.2**	**9,726.5**
	(10,928.3)	**(1,473.2)**	**(683.0)**	**-**	**(127.7)**	**(17.0)**	**(12,973.8)**	**(2,156.4)**	**(560.4)**	**(633.1)**	**55.2**	**(49.9)**	**(2.5)**	**(3,247.3)**	**(9,726.5)**	**(8,771.9)**

Notes

to the Consolidated Financial Statements

(₹ in million)

Particulars	GROSS BLOCK							DEPRECIATION AND AMORTISATION							NET BLOCK	
	As at 1st April 2015	Addition on acquisition of subsidiary Company	Additions	Adjustment	Deletions	Foreign Currency Translation Difference	As at 31 March 2016	Up to 31 March 2015	Addition on acquisition of subsidiary Company	For the Year	Adjustment	Deductions	Foreign Currency Translation Difference	Up to 31 March 2016	As at 31 March 2016	As at 31 March 2015
Intangible Assets																
Computer Software	348.1	-	44.0	-	1.3	1.1	391.9	268.9	-	50.8	-	1.3	-3.7	314.8	77.1	79.2
	(288.4)	(15.0)	(43.8)	-	-	(0.9)	(348.1)	(240.1)	(3.5)	(24.9)	-	-	(0.4)	(268.9)	(79.2)	(48.3)
Trade Marks and Patents	307.1	-	-	-	-	-	307.1	41.0	-	58.6	-	-	-	99.6	207.5	266.1
	(0.8)	-	(306.3)	-	-	-	(307.1)	(0.8)	-	(40.2)	-	-	-	(41.0)	(266.1)	-
Goodwill	215.9	-	88.2	-	-	13.2	317.4	101.5	-	72.5	-	-	-	174.0	143.4	114.4
	(181.6)	-	(25.3)	-	-	(9.0)	(215.9)	(53.0)	-	(48.5)	-	-	-	(101.5)	(114.4)	(128.6)
Technology	183.0	-	-	-	-	3.4	186.4	46.8	-	-	-	-	1.8	48.7	137.8	136.2
	(174.9)	-	-	-	-	(8.1)	(183.0)	(27.9)	-	(17.9)	-	-	(1.0)	(46.8)	(136.2)	(147.0)
	1,054.1	-	132.2	-	1.3	17.8	1,202.8	458.3	-	181.9	-	1.3	(1.9)	637.0	565.8	595.8
	(645.7)	(15.0)	(375.4)	-	-	(18.0)	(1,054.1)	(321.8)	(3.5)	(131.5)	-	-	(1.4)	(458.2)	(595.9)	(323.9)
Capital Work In progress															1,724.5	1,106.9
															(1,106.9)	(706.8)
Total	14,027.9	-	1,687.7	-	409.4	48.1	15,354.3	3,705.5	-	1,005.8	-	250.0	7.9	4,469.3	12,609.5	11,429.3
	(11,574.0)	(1,488.2)	(1,058.4)	-	(127.7)	(35.0)	(14,027.9)	(2,478.2)	(563.9)	(764.6)	55.2	(49.9)	(3.9)	(3,705.5)	(11,429.4)	(9,802.6)

Note

1. Addition to fixed assets include items of fixed assets aggregating ₹ **333.3 million** (Previous Year ₹ 68.8 million) located at Research and Development Centres of the Company
2. Addition to fixed assets includes exchange loss on foreign currency loan capitalised ₹ **30.8 million** (Previous Year ₹ 23.3 million)
3. During the previous year ended 31 March, 2015, pursuant to the requirement of Companies Act, 2013 the Company has determined the remaining useful life of building, plant & machinery based on the report of an independent valuer. In respect of other fixed assets, the Company has adhered to the useful lives as recommended in Schedule II to the Act. Consequent to the changes in the useful lives of the assets its depreciation during the previous year is higher by ₹ 126.7 million. The Assets without any remaining useful life at the beginning of the previous year have been charged to the Statement of Profit & Loss aggregating to ₹ 4.3 million. Cost of Land forming part of building has been identified and accordingly reclassified and depreciation charged on the land has been reversed amounting to ₹ 55.2 million.
4. Figures in the brackets are the corresponding figures of the previous year.

Notes

to the Consolidated Financial Statements

NOTE-2.12: NON CURRENT INVESTMENTS:

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ in million	₹ in million	₹ in million
[At cost / carrying amount unless otherwise stated]						
1) In Equity Shares of Other Companies:						
a) Unquoted (Trade):						
Bharuch Eco-Aqua Infrastructure Limited	510000	INR	5.1		5.1	
	(510000)	10				
Shivalik Solid Waste Management Limited	36000	INR	0.4		0.4	
	(36000)	10				
b) Unquoted (Non Trade):						
Propstack Services Private Limited (₹ 20,000	2000	INR	-		-	
Previous Year ₹ 20000)	(2000)	10				
The Saraswat Co-operative Bank Limited	107000	INR	1.1		1.1	
	(107000)	10				
				6.6		6.6
2) Investment In Fund						
Unquoted Non Trade :						
Asia Healthcare Fund Investment Trust (Units of ₹ 100 each, Paid up value per unit of ₹ 75 each, Previous year ₹ 70 each)	183566	100	13.7		12.8	
	(183566)					
Tata Capital Healthcare Fund (Units of Re.1 each, Paid up value per unit of ₹ 0.9 each, Previous year ₹ 0.5 each)	100000000	1	88.8		49.3	
	(100000000)					
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) "The same is disclosed under "Current Investments" as at 31 March 2016" **(Refer sub note 4 of Note 2.13)**	Nil	100000	-		2,221.4	
	(22780)					
India Business Excellence Fund (Units of ₹ 1,000,000 each, Paid up value per unit of ₹ 975,000 each, Previous year ₹ 975,000 each)	25	1000000	16.7		22.1	
	(25)					
India Business Excellence Fund-II (Units of ₹ 1,000 each, Paid up value per unit of ₹ 625 each, Previous year ₹ 400 each)	100000	1000	62.5		40.0	
	(100000)					
Yournest Angel Fund-Scheme 1 (Units of ₹10,000 each, Paid up value per unit of ₹ 7,573 each, Previous year ₹ 7,573 each)	2000	10000	15.1		15.1	
	(2000)					
Indusage Technology Venture Fund I (Units of ₹ 1,000 each, Paid up value per unit of ₹ 250 each, Previous year ₹ 250 each)	20000	10000	5.0		5.0	
	(20000)					
Motilal Oswal Most Focused Multicap 35 Fund - Regular - Growth	2923388	INR	40.0		25.0	
	(2039518)	10				
Motilal Oswal Most Focused Multicap 25 Fund - Regular - Growth	675648	INR	10.0		-	
	(NIL)	10				
				251.8		2,390.7

Notes

to the Consolidated Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ in million	₹ in million	₹ in million
3) Debentures :						
Non Convertible Non Trade						
Unquoted						
12.50% Cholamandalam Investment & Finance Limited	40 (40)	500000	20.0		20.0	
10.17% HDB financial Service Limited (Refer Note 4)	200 (200)	1000000	200.5		202.5	
Quoted						
8% Indian Railway Finance Corporation Limited (Refer Note 4)	108754 (108754)	1000	108.8		108.6	
12.00% ECL Finance Limited	10000 (10000)	1000	10.0		10.0	
8.63% NHB Limited (Refer Note 4)	7220 (7220)	5000	36.1		36.1	
9.01% NHB Limited (Refer Note 4)	4000 (4000)	5000	20.1		20.2	
				395.5		397.4
4) Bonds : Non Trade						
Quoted						
11% Bank of India (Refer Note 4)	250 (250)	1000000	250.0		250.0	
11% Bank of India (Refer Note 4)	20 (20)	1000000	20.0		20.0	
9.11% Bank of India (Refer Note 4)	200 (Nil)	1000000	212.4		-	
10.25% Tata Capital Limited.	40 (40)	500000	21.0		22.2	
11.50% Tata Steel Limited	100 (100)	1000000	102.6		105.5	
11.25% Tata Motors Finance Limited	100 (100)	500000	50.0		50.0	
11.03% Tata Motors Finance Limited	100 (100)	1000000	100.0		100.0	
11.80 % Tata Steel Limited	50 (50)	1000000	52.9		54.3	
11.40% Tata Power Limited	50 (50)	1000000	50.6		50.6	
9.55% Kotak Mahindra Prime (Refer Note 4)	750 (750)	1000000	750.0		750.0	
				1,609.5		1,402.6
				2,263.4		4,197.3
Less: Provision for diminution in the value of Investments				-		-
Total				2,263.4		4,197.3

Notes

to the Consolidated Financial Statements

(₹ in million)

Notes:		As at 31 March 2016		As at 31 March 2015	
		Cost	Market Value	Cost	Market Value
1)	Aggregate value of Unquoted Investments:	479.0	N.A.	2,619.7	N.A.
2)	Aggregate value of Quoted Investments:	1,784.4	1,792.9	1,577.6	1,641.2

3) All Investments in Shares & Securities are fully paid up except for investment in fund.**(Refer Note 2.29(b-2))**

4 a) Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited,11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ 1,584.9 million has been pledged against issuance of Stand by letter of credit required for Loan of US$ 25.0 million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down subsidiary of the company and Loan of US$ 20.0 million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US$ 4 million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company.

4 b) Previous year: Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited,11% Bank of India, 9.55% kotak Mahindra Prime Aggregating to ₹ 1,387.5 million are in the process of pledge against issuance of Stand by letter of credit required for Term Loan of US$ 29.80 million advanced by Citi Bank USA to The Pharma Network LLC (USA), a 100% step down Subsidiary of the Company.

2.13. : CURRENT INVESTMENTS:

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
(Non Trade):						
1) Mutual Funds: (Quoted):						
Benchmark Liquid Bees	0.8350	1000				
₹ 835.01 (Previous Year ₹ 784.10)	(0.7840)					
IDFC Money Manager Fund-DIR-DLY	8684.5970	10	0.1		0.1	
	(13950.8150)					
				0.1		0.1
2) Debentures:						
Current Portion of Non Current Investments						
Non Convertible						
Quoted						
12.25% Religare Finvest Limited	Nil	1000	-		50.0	
	(50000)					
				-		50.0
3) Commercial Paper: (Unquoted)						
9.50% Barclays Investments Limited			-		502.5	
				-		502.5

Notes

to the Consolidated Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
4) Investment in funds : (Unquoted)						
Current Portion of Non Current Investments						
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) **(Refer sub note 4 of Note 2.13)**	19966	100,000	1,934.0		-	
	(Nil)					
				1,934.0		-
5) Equity Shares: (Quoted)						
Adani Ports & Special Economic Zone Limited	Nil	10	-		0.9	
	(6297)					
Asian Paints Limited	Nil	1	-		0.5	
	(882)					
Bajaj Finance Limited	Nil	10	-		0.9	
	(391)					
Bharat Forge Limited	Nil	2	-		0.7	
	(526)					
Bosch Limited	Nil	10	-		1.9	
	(117)					
Cairn India Limited	1000	10	0.3		0.3	
	(1000)					
Colgate-Palmolive (India) Limited	100	1	0.1		0.4	
	(228)					
Container Corporation of India Limited	Nil	10	-		0.5	
	(341)					
City Union Bank Limited	Nil	1	-		0.5	
	(6953)					
Cummins India Limited	Nil	2	-		0.7	
	(942)					
DCB Bank Limited	Nil	10	-		0.5	
	(5969)					
D Q Entertainment Limited	Nil	10	-		0.9	
	(12958)					
Deccan Chronical Holdings Limited	Nil	2	-		0.0	
	(256)					
Eicher Motors Limited	Nil	10	-		3.2	
	(322)					
Engineers India Limited	Nil	5	-		0.2	
	(900)					
Emami Limited	Nil	1	-		0.4	
	(648)					
Gateway Distriparks Limited	Nil	10	-		0.5	
	(3587)					
GlaxoSmithKline Consumer Healthcare Limited	Nil	10	-		0.5	
	(104)					
HDFC Bank Limited	Nil	10	-		0.9	
	(1101)					

Notes

to the Consolidated Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
HDFC Limited	Nil	10	-		0.7	
	(745)					
Hero Motocorp Limited	Nil	2	-		0.5	
	(197)					
Hindustan Petroleum Corp. Limited	Nil	10	-		1.2	
	(2218)					
ING Vyasya Bank Limited	Nil	10	-		0.4	
	(667)					
IRB Infrastructure Developers Limited	Nil	10	-		1.2	
	(7904)					
IPCA Lab Limited	Nil	2	-		0.7	
	(971)					
Jammu and Kashmir Bank Limited	Nil	10	-		0.7	
	(4478)					
Larsen & Toubro Limited	Nil	2	-		1.6	
	(1879)					
Max India Limited	Nil	2	-		0.5	
	(1285)					
Nava Bharat Ventures Limited	Nil	2	-		0.8	
	(3966)					
Page Industries Limited	Nil	10	-		1.4	
	(182)					
Sanghvi Movers Limited	Nil	2	-		0.4	
	(4122)					
State Bank of India Limited	6500	1	1.2		1.9	
	(35800)					
Speciality Restaurant Limited	Nil	10	-		0.1	
	(736)					
Sun Pharmaceutical Limited	600	2	0.6		1.4	
	(8310)					
Tata Consultancy Services Limited	100	1	0.2		1.0	
	(399)					
Tech Mahindra Limited	500	5	0.3		0.9	
	(3144)					
Tara Jewels Limited	Nil	10	-		6.6	
	(28535)					
Torrent Power Limited	Nil	10	-		0.5	
	(2490)					
United Spirits Limited	Nil	10	-		0.5	
	(188)					
VA Tech Wabag Limited	Nil	2	-		2.3	
	(9274)					
Voltas Limited	Nil	1	-		0.9	
	(4167)					
Bhushan Steel Limited.	2000	2	0.6		0.6	
	(2000)					
Chambal Fertilisers & Chemical Limited.	3000	10	0.2		0.2	
	(3000)					

Notes

to the Consolidated Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
Elecon Engineering Co. Limited.	Nil (5000)	2	-		0.3	
Essar Oil Limited.	Nil (3000)	10	-		0.3	
Financial Technologies	5500 (5000)	2	0.9		1.0	
Future Retail Limited.	1000 (2560)	2	0.1		0.3	
Gitanjali Gems Limited.	5000 (5000)	10	0.4		0.4	
Hindustan Construction Co. Limited.	8000 (8000)	1	0.3		0.3	
Hindustan Copper Limited.	1000 (1000)	5	0.1		0.1	
ICICI Bank Limited.	1200 (1000)	2	0.4		0.3	
Infra Dev. Finance Ltd.	2000 Nil	10	0.2		-	
IFCI Limited.	15000 (10000)	10	0.5		0.4	
Infosys Technologies Limited	100 (NiL)	5	0.1		-	
ITC Limited.	Nil (500)	1	-		0.2	
The Karnataka Bank Limited.	5000 (5000)	10	0.6		0.7	
L&T Finance Holdings Limited.	25000 (25000)	10	1.8		1.8	
Mahindra & Mahindra Financial Services Limited.	500 (500)	2	0.2		0.2	
MOIL Limited.	800 (800)	10	0.3		0.3	
NHPC Limited.	1010 (1010)	10	0.0		0.0	
Oil & Natural Gas Corporation Limited.	3500 (2500)	5	1.3		1.0	
Punj Lloyd Limited.	10000 (10000)	2	0.6		0.6	
Punjab & Sind Bank	981 (981)	10	0.1		0.1	
Reliance Communications Limited.	5000 (5000)	5	0.4		0.4	
Reliance Infrastructure Limited.	450 (450)	10	0.2		0.2	
Shasun Pharmaceuticals Limited.	NiL (1000)	2	-		0.4	
SKS Microfinance Limited.	750 (750)	10	0.4		0.4	

Notes

to the Consolidated Financial Statements

Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
Sun Pharma Advance Research	500 (NiL)	1	0.2			
Tata Coffee Limited.	5000 (5000)	1	0.5		0.5	
TV 18 Broadcast Limited.	5000 (10000)	2	0.2		0.3	
UCO Bank	500 (500)	10	0.1		0.1	
Nestle India	50 (NiL)	10	0.3		0.0	
Axis Bank	200 (NiL)	2	0.1		-	
IDFC Bank Ltd.	2000 (NIL)	10	0.1		-	
Dr. Reddy's Lab. Ltd.	200 (NIL)	5	0.7		-	
MCX India Ltd.	500 (NiL)	10	0.4		-	
Vivimed Labs.	200 (NIL)	2	0.1		-	
Rural Electrification Corpn. Limited.	500 (NiL)	10	0.1		-	
Vedanta Ltd. [Sesa Goa Ltd.]	5000 (NIL)	1	0.6		-	
Berkshire Hathway	105 (105)	US $ 0.0033	1.1		0.9	
				16.9		52.9
6) In Equity Funds: (Unquoted) :						
HDFC CMF Treasury Advantage Retail -WD	Nil (256042.2)	10	-		2.6	
				-		2.6
7) Equity Shares: (Unquoted) :						
G R Infraprojects Limited	Nil (6626)	2	-		1.3	
Intarvo Technologies Limited	Nil (4299)	10	-		0.9	
GMR Energy Limited	16531 (16531)	10	0.2		0.2	
				0.2		2.4

Notes

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Particulars	Number	Face Value	As at 31 March 2016		As at 31 March 2015	
			₹ in million	₹ In million	₹ in million	₹ In million
8) Preference Shares: (Unquoted) :						
Intarvo Technologies Limited -CCPS	Nil (1616)	10	-		0.1	
Regen Powertech Private-CCPS	4328 (4328)		3.1		3.1	
GMR Energy Limited-CCPS	1799 (1799)	10	1.8		1.8	
0.1% Cumulative Non Convertible Preference Shares						
Saraswat Bank-NCPS	500000 (500000)	10	5.0		5.0	
				9.9		10.0
				1961.1		620.5
Less: Provision for diminution in the value of Investments				4.4		10.0
Total				1956.7		610.5

Notes:

(₹ in million)

		Cost	Market Value	Cost	Market Value
1)	Aggregate value of Quoted investments	17.0	12	102.9	102
	Aggregate value of Unquoted investments	1944.1	N.A.	517.6	N.A.
2)	All Investments in Shares & Securities are fully paid up.				

(₹ in million)

		As at 31 March 2016	As at 31 March 2015
3)	Aggregate carrying amount of "Long term Investment" within the meaning of AS 13	1934	50
4)	During the year, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Real Estate Fund ("Fund") by entering into an option agreement with Mr.Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties.		

NOTE-2.14 : DEFERRED TAX ASSETS (NET):

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Other Timing Differences (Carried Forward business losses)	82.3	44.8
	82.3	44.8

Notes

to the Consolidated Financial Statements

NOTE-2.15 : LONG-TERM LOANS AND ADVANCES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, Considered Good)		
Capital advances	646.5	152.7
Security deposits	129.9	91.1
MAT credit entitlement **(Refer Note 2.49)**	5,099.6	4,499.6
Loans and advances to employees	20.5	22.9
Advance recoverable in cash or kind	129.3	108.9
Advance payment of Income tax (net of provisions)	414.2	546.5
Total	**6,440.0**	**5,421.7**

NOTE-2.16 : OTHER NON-CURRENT ASSETS

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months **(Refer Note 2.19)**	2,351.4	4,515.9
Interest on deposits, accrued but not due	47.9	547.1
	2,399.3	**5,063.0**

Note

The Company

Bank Deposits of ₹ **1,445.0 million** (Previous Year ₹ 3,807.3 million) is under lien with the Banks against Over Draft Facility of the Company.

Bank Deposits of ₹ **55.0 million** (Previous Year Nil) has been pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

Bank Deposits of ₹ **33.5 million** (Previous Year ₹ Nil) is under lien with bank against bank guarantees Indchemie Health Specialities Private Limited

Bank Deposits of ₹ **432.9 million** (Previous Year ₹ 317.9 million) is under lien with the Banks against Over Draft Facility

NOTE-2.17. : INVENTORIES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Valued at Lower of Cost or Net realisable value		
Raw and Packing Materials	2,641.6	2,347.2
Goods-in-Transit	6.4	1.7
	2,648.0	**2,348.9**
Work-in-Progress	385.1	361.1
Finished Goods	3,643.7	2,393.6
Goods-in-Transit	708.3	276.8
	4,352.0	**2,670.4**
Stock-in-Trade	1,519.6	2,116.3
Goods-in-Transit	189.6	345.6
	1,709.2	**2,461.9**
Total	**9,094.3**	**7,842.3**

Notes

to the Consolidated Financial Statements

NOTE-2.18. : TRADE RECEIVABLES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured:		
Outstanding for a period exceeding six months:		
Considered Good	481.6	407.0
Considered Doubtful	147.0	97.4
Less: Provision for doubtful trade receivables	(147.0)	(97.4)
	481.6	**407.0**
Other Trade Receivables:		
Considered Good	5,163.5	4,863.8
Considered Doubtful	-	2.1
Less: Provision for doubtful trade receivables	-	(2.1)
	5,163.5	**4,863.8**
Total	**5,645.1**	**5,270.8**

NOTE-2.19. : CASH AND BANK BALANCES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Cash and Cash Equivalents:		
Cash on hand	6.5	9.5
Cheques and drafts on hand	75.7	58.6
Balance with Banks:		
In Current Accounts	1,149.8	1,327.9
In Exchange Earners Foreign Currency Account	0.3	-
Deposit with original maturity within three months	38.4	-
Other Bank Balances:		
In Deposit Accounts:		
Bank Deposits with maturity within 12 months	6,693.0	6,511.6
Unpaid dividend	0.6	-
Total	**7,964.3**	**7,907.6**

Note:

The Company

Bank Deposits of ₹ **3,857.2 million** (Previous Year ₹ 5,023.7 million) is under lien with banks against Overdraft facilities availed.

Bank Deposits of ₹ **1,000.0 million** (Previous Year ₹ Nil) is under lien with banks against line of credit. This line of credit has not been utilised by the Company as on 31 March 2016

Bank Deposits of ₹ **110.0 million** (Previous Year ₹ Nil) is under lien towards bank guarantee given to the Bombay Stock Exchange ("BSE")

Bank Deposits of ₹ **74.6 million** (Previous Year ₹ Nil) is placed as security with the Competition Commission of India ("CCI") against pending litigation. Subsequent to the balance sheet date the Competition Appellate Tribunal has set aside the CCI ruling.

Bank Deposits of ₹ **3.4 million** (Previous Year ₹ Nil) is under lien with bank against bank guarantees

Enzene Biosciences Limited

Bank Deposit of ₹ **480 million** (previous year Nil) is under lien with banks against overdraft facilities availed and Bank deposit of ₹ **38.4 million** (previous year Nil) is under lien with banks against letter of credit.

Indchemie Health Specialities Private Limited

Bank Deposit of ₹ **477.6 million** (previous year 377.3 million) is under lien with banks for overdraft facility

Notes

to the Consolidated Financial Statements

(₹ in million)

	As at 31 March 2016	As at 31 March 2015
Details of Bank Balances/Deposits		
Bank Deposits with original maturity of 3 months or less	38.4	-
Bank Deposits with maturity within 12 months	6,693.0	6,511.6
Bank Deposits with maturity beyond 12 months **(Refer Note No.2.16)** Disclosed as Other Non-Current Assets	2,351.4	4,515.9
	9,082.8	**11,027.5**

NOTE-2.20. : SHORT TERM LOANS AND ADVANCES:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, Considered Good, unless Otherwise stated)		
Balances with Government Authorities	999.7	731.7
Advance to Suppliers:		
Considered Good	309.9	326.3
Considered Doubtful	42.8	38.8
	352.7	**365.1**
Less: Provision for Doubtful Advances	(42.8)	(38.8)
	309.9	**326.3**
Prepaid Expenses	153.8	147.8
Security Deposits	3.0	2.9
Loans and Advances to Others	7.1	3.4
Loans and Advances to Employees	90.4	84.2
Total	**1,563.9**	**1,296.3**

NOTE-2.21. : OTHER CURRENT ASSETS:

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest on Deposits, accrued but not due	424.6	153.3
Export Incentives Receivable	210.7	116.0
Other Receivables*	202.0	183.7
Total	**837.3**	**453.0**

*Includes insurance claim receivable ₹ **10.4 million** (Previous year ₹ 81.7 million)

NOTE-2.22. : REVENUE FROM OPERATIONS:

(₹ in million)

Particulars	For Year ended 31 March 2016	For Year ended 31 March 2015
Sale of products (Gross)	50,461.4	37,781.0
Other Operating Revenue:		
Manufacturing charges	20.8	23.1
Export Incentives	281.0	104.9
Scrap sales	35.1	23.8
Foreign Currency transactions and translation gain (Net)	156.1	22.2
Excise refunds	530.1	450.2
Government subsidy income **(Refer Note 1.20)**	4.8	36.6
Royalty income	44.5	41.5
Miscellaneous receipts	74.5	115.3
	1,146.9	**817.6**
Total	**51,608.3**	**38,598.6**

Notes

to the Consolidated Financial Statements

NOTE-2.23. : OTHER INCOME:

(₹ in million)

Particulars	For Year ended 31 March 2016	For Year ended 31 March 2015
Interest on bank deposits	998.6	915.0
Other Interest (includes interest on long-term investments ₹ **154.3 million** (Previous year ₹ 357.7 million)	264.6	378.1
Dividend Income (from current investment)	1.0	3.1
Income from real estate fund (from long term investment)	102.0	283.2
Sale of brands **(Refer Note- 2.43)**	205.0	-
Provision no longer required, written back	7.5	17.8
Rental income	13.5	34.2
Net profit on sale of investments (from current investments)	18.8	156.1
Miscellaneous income	34.1	22.9
Total	**1,645.1**	**1,810.4**

NOTE-2.24. : COST OF MATERIAL CONSUMED

(₹ in million)

Particulars	For Year ended 31 March 2016	For Year ended 31 March 2015
Raw Material consumed	8,370.4	6,245.5
Packing Material consumed	3,342.3	2,374.8
	11,712.7	**8,620.3**

NOTE-2.25. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:

(₹ in million)

Particulars	For Year ended 31 March 2016	For Year ended 31 March 2015
Opening Stock:		
Finished Goods	2,670.4	2,543.7
Stock-in-Trade	2,461.9	1,836.1
Work-in-Progress	361.1	387.4
	5,493.4	**4,767.2**
Less: Closing stock:		
Finished goods	4,352.0	2,325.0
Stock-in-trade	1,709.2	2,455.6
Work-in-progress	385.1	324.2
	6,446.3	**5,104.8**
Effect of foreign exchange translation reserve	49.6	0.8
Total	**(903.3)**	**(336.8)**

NOTE-2.26. : EMPLOYEE BENEFITS EXPENSE:

(₹ in million)

Particulars	For Year ended 31 March 2016	For Year ended 31 March 2015
Salaries, wages and bonus	8,353.9	5,755.8
Contribution to provident and other fund **(Refer Note - 2.31)**	415.8	442.3
Employees' welfare expenses	401.4	260.6
Employee stock compensation expenses **(Refer Note -2.48)**	0.2	-
Total	**9,171.3**	**6,458.7**

Notes

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NOTE-2.27. : FINANCE COST:

(₹ in million)

Particulars	For Year ended 31 March 2016	For Year ended 31 March 2015
Interest on borrowings	643.9	784.6
Other borrowing cost	26.7	26.5
Total	**670.6**	**811.1**

NOTE-2.28. : OTHER EXPENSES:

(₹ in million)

Particulars	For Year ended 31 March 2016	For Year ended 31 March 2015
Consumption of stores and spare parts	462.2	419.0
Power and fuel	663.0	533.1
Excise duty (net)	68.1	2.9
Processing charges	73.5	123.9
Rent	193.0	178.0
Rates and taxes	57.0	31.4
Insurance	163.1	112.4
Marketing and promotions	2,992.7	2,395.4
Selling and distribution expenses	1,511.8	1,190.5
Legal and professional fees- **(Refer Note 2.46)**	970.4	662.0
Sales-Tax , Octroi Duty, Custom Duty etc.	187.2	138.3
Commission and Discount	830.0	551.6
Travelling and conveyance	1,555.7	1,257.2
Repairs:		
- Buildings	45.2	23.9
- Plant and machineries	135.0	102.7
- Others	175.7	79.2
Loss on sale of fixed assets (net)	127.5	49.3
Commission to director	130.0	-
Provision for diminution in value of investments	1.6	-
Donation	3.9	2.8
Communication and printing expenses	173.4	143.5
Vehicle expenses	82.7	69.8
Clinical and analytical charges	463.4	257.7
Bad Debts/Advances written off	146.0	97.9
Provision of doubtful debts	50.6	4.3
Corporate Social Responsibility (CSR) expenditure - **(Refer Note 2.40)**	43.1	12.0
Foreign currency loss/ (Gain) on transaction / translation	106.2	94.3
Royalty Expenses	402.9	294.6
Miscellaneous expenses **(Refer Note 2.46)**	835.2	1,022.8
Total	**12,650.1**	**9,850.5**

Notes

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NOTE-2.29 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in million)

a) Contingent Liabilities not provided for

Sr No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	**Claims against the Company not acknowledged as debt:**		
i	Central Excise demand disputed in appeal {advances paid in dispute ₹ 13.7 million (Previous Year ₹ 30.8 million)}	37.7	56.8
ii	Sales Tax demand disputed in appeal {advances paid in dispute ₹ **79.2 million** (Previous Year ₹ 3.5 million)}	497.0	122.5
iii	Service Tax demand disputed in appeal	1.1	37.5
iv	Income Tax (advance paid ₹ **Nil** (previous year (₹ Nil))	450.8	426.0
v	a. In relation to purchase commitments- ₹ **968.1 million*** (Previous year ₹ 968.1 million) b.Supply of Goods: ₹ **461.2 million**** (Previous year ₹ 717.4 million) c. in relation to property- ₹ **Nil** (Previous year ₹ 13.8 million)	1,429.3	1,699.2
	Total	**2415.9**	**2342.1**

Management considers that service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

** Claim from customer in relation to product quality issues and packing norms in recipient country.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

b) Commitments

(₹ in million)

Sr No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid ₹ **501.5 million** (Previous Year ₹ 58.8 million)}	2303.9	142.4
2	Uncalled/ Unpaid contribution towards investment in funds (Refer Note.2.12(2))	75.1	136.6
3	Other Commitments: Commitment towards research and development - USD 5.2 million (previous year USD 2.5 million)	345.5	187.5
4	Letter of Credit opened by the Banks	601.0	225.8
5	Outstanding Bank Guarantees	187.5	52.8
6	Pending Export Obligation under advance licence/ EPCG Scheme	51.8	10.0
7	Other Commitments - Non Cancellable Operating Lease - **Refer Note 2.33**		

Notes

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NOTE-2.30 DUES TO MICRO AND SMALL ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro and Small enterprises as defined in the MSMED as set out in following disclosure.

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Principal amount remaining unpaid to any supplier as at the year end	653.9	467.2
2	Interest due thereon	3.5	1.0
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	3.5	1.0
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

NOTE-2.31 DISCLOSURE OF EMPLOYEE BENEFITS AS PER ACCOUNTING STANDARD 15 IS AS UNDER:

The Company

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of payroll cost of the eligible employee to the superannuation plan to fund the benefit.

The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
- Contribution to Provident Fund	109.7	117.2
- Contribution to Superannuation fund	2.7	2.8
Total	**112.4**	**120.0**

Notes

to the Consolidated Financial Statements

ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at March 31, 2016 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2016

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	65.7	94.0
	Interest Cost	40.2	42.9
	Actuarial (gain) / losses	(0.6)	76.3
	Benefits paid	(156.0)	(35.9)
	PVO at the beginning of the year	586.7	409.4
	PVO at end of the year	536.0	586.7
II)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of year	536.0	586.7
	Fair Value of planned assets at end of year	-	-
	Funded status	(536.0)	(586.7)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(536.0)	(586.7)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
III)	Net cost for the year		
	Current Service cost	65.7	94.0
	Interest cost	40.2	42.9
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	(0.6)	76.3
	Net cost	**105.3**	**213.2**
IV)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	7.46	8.00
	Salary escalation rate (%)	6.25	6.25

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes

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The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Defined Benefit Obligation at end of the year	536.0	586.7	409.4	366.1	348.6
Experience Gain/(Loss) Adjustment on plan Liabilities	(11.2)	(16.4)	(48.9)	12.5	82.8
Actuarial Gain/(Loss) due to change on assumption	10.6	92.7	31.3	(60.5)	(75.8)

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED ("SUBSIDIARY")

(i) Defined contribution plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the government administrated employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified to the government.

The Company has recognised the following amount in the Statement of Profit and Loss

(₹ In million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
- Contribution to Provident Fund	26.9	25.2

(ii) Defined benefit plan

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2016 by the actuary.

Notes

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The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2016.

(₹ in million)

Sr. No.	Particulars	As at 31 March2016	As at 31 March 2015
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	5.7	7.4
	Interest Cost	3.2	2.6
	Actuarial (gain) / losses	2.1	(7.7)
	Benefits paid	(1.7)	(1.9)
	PVO at the beginning of the year	41.0	33.5
	PVO at end of the year	50.3	41.0
II)	Change in fair value of plan assets		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	1.7	1.9
	Benefits paid	(1.7)	(1.9)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of year	50.3	41.0
	Fair Value of planned assets at end of year	-	-
	Funded status	(50.3)	(41.0)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(50.3)	(41.0)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
IV)	Net cost for the year		
	Current Service cost	5.7	7.4
	Interest cost	3.2	2.6
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	2.1	7.7
	Net cost	11.0	9.3
V)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	7.46	8.00
	Salary escalation rate (%)	7.00	7.00

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The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

(₹ in million)

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Defined Benefit Obligation at end of the year	50.3	41.0	33.5	28.3	23.1
Experience Gain/(Loss) Adjustment on plan Liabilities	0.1	(7.4)	(1.2)	(0.7)	(3.0)
Actuarial Gain/(Loss) due to change on assumption	2.0	(0.3)	(0.2)	(0.5)	3.3

CACHET PHARMACEUTICALS PRIVATE LIMITED ("SUBSIDIARY")

Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the government administrated employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified to the Government.

The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
- Contribution to Provident Fund	22.9	20.5

(ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2016 by the Actuary.

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The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2016

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	6.9	5.6
	Interest Cost	3.3	3.8
	Actuarial (gain) / losses	2.6	3.6
	Benefits paid	(2.7)	(5.0)
	PVO at the beginning of the year	42.7	34.7
	PVO at end of the year	52.9	42.7
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	2.7	5.0
	Benefits paid	(2.7)	(5.0)
	Fair value of plan assets at beginning of the year		
	Fair value of plan assets at end of the year		
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	52.9	42.7
	Fair Value of planned assets at end of year	-	-
	Funded status	(52.9)	(42.7)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(52.9)	(42.7)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
IV)	**Net cost for the year:**		-
	Current Service cost	6.9	5.5
	Interest cost	3.3	3.8
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	2.6	3.6
	Net cost	12.8	12.9
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.46	7.96
	Salary escalation rate (%)	5.00	5.00

ENZENE BIOSCIENCES LIMITED (SUBSIDIARY)

i) Defined contribution plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the government administrated employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified by the Government.

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The Company has recognised the following amount in the Statement of Profit and Loss

(₹ in million)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
- Contribution to Provident Fund	0.8	0.6

Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:
As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:
As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.
The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2016 by the Actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2016.

(₹ in million)

Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
I)	**Reconciliation in present value of obligations**		
	Obligations at period beginning – Current	0.1	0.0
	Obligations at period beginning - Non-current	1.3	0.7
	Current Service Cost	0.5	0.4
	Interest Cost	0.1	0.1
	Benefits paid	(0.3)	(0.1)
	Actuarial (gain) / losses	(0.9)	0.2
	PVO at end of the year	0.7	1.4
	Current Liability (within 12 months)	0.1	0.1
	Non Current Liability	0.7	1.3
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	0.3	0.1
	Benefits paid	(0.3)	(0.1)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-

Notes

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(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	0.8	1.4
	Fair Value of planned assets at end of year	-	-
	Funded status	0.8	1.4
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	0.8	1.4
IV)	**Net cost for the year**		
	Current Service cost	0.5	0.4
	Interest cost	0.1	0.1
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	(0.9)	0.2
	Net cost	(0.3)	0.6
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.46%	8.00%
	Salary escalation rate (%)	6.25%	7.00%

THE PHARMANETWORK LLC, (SUBSIDIARY)

The Company has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 100% of each dollar of elective contributions each eligible participant makes each plan year, up to the limit of 4% of gross pay. All safe harbor contributions vest immediately. In addition, the Plan provides for discretionary contributions as determined by the board of directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. Discretionary contributions are fully vested after six years of employment. The Plan requires that the contribution be placed in a trust fund in accordance with the Group Annuity Contract between the trustee, Chase Manhattan Bank, N.A. and the Equitable Life Assurance.

Company matching contributions to the Plan totalled $121,963 (₹ 7.9 million) for year ended 31 March 2016 , $79,066 (₹ 4.8 million) for the years ended March 31, 2015 . No discretionery contribution were made in either year.

S&B PHARMA INC. (SUBSIDIARY)

The Company sponsors a 401(k) profit sharing plan that covers eligible employees. The profit sharing portion of the plan provides for contributions to eligible employees based on 6% of total compensation. For the year ended March 31, 2016 and 2015, the Company's contributions to the plan were $ 292,623(₹ 19.1 million) and $ 305,528 (₹ 18.7 million) respectively.

The 401(k) portion of the plan provides for voluntary salary deferrals for eligible employees. Matching Company contributions are at the discretion of management; during the year ended 31 March, 2016 Matching contribution accrued and paid $ 19,600 (₹1.3 Miilion) and no descretionery conrtibution made during the year 2015.

SUBSIDIARY IN NIGERIA

Alkem Laboratories (Nigeria) Limited, the Group's subsidiary in Nigeria, operates a contributory Pension Scheme, which employees join upon employment. Employees and employer contribution are 8% and 10% of defined total package respectively, in accordance with the requirements of the Pension Reform Act, 2012. Contributions are made to a Trust Fund that manages the scheme.The subsidiary's liability in respect of the Scheme is charged to the Consolidated Statement of Profit and Loss of the year in which the contribution becomes payable.

During the year , the subsidiary 's accrued contribution to the plan was ₹ 0.8 millions and ₹ 0.5 millions for the year ended March 31,2016 and 2015 respectively.

Notes

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NOTE-2.32 DETAILS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AND DERIVATIVE CONTRACTS

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

a. Amount receivable in foreign currency on account of the following

Particulars	31 March 2016		31 March 2015	
	₹ In million	Amount in foreign currency	₹ In million	Amount in foreign currency
Export of goods				
EUR	105.2	1,414,013	28.4	422,911
GBP	0.3	3,361	17.0	183,810
USD	233.6	3,525,252	473.5	7,576,695
Loans & advances				
EUR	15.0	198,884	-	-
USD	187.1	2,824,353	-	-
CHF	14.1	205,125	-	-
JPY	4.7	7,999,983	-	-

b. Amount payable in foreign currency on account of the following

Particulars	31 March 2016		31 March 2015	
	₹ In million	Amount in foreign currency	₹ In million	Amount in foreign currency
Import of goods and services				
USD	465.8	7,030,357	186.8	2,989,218
EUR	3.2	42,925	70.8	1,053,039
CHF	-	306	0.0	-
GBP	14.5	151,432	0.4	3,803
JPY	0.1	152,855	-	-
Unsecured loans				
USD	1,822.0	27,500,000	1,093.8	17,500,000
Secured loans				
USD	629.4	9,500,000	875.0	14,000,000

NOTE-2.33

a) The Company has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

(₹ in million)

Particulars	31 March 2016	31 March 2015
Rent expense	193.0	178.0
Total	**193.0**	**178.0**

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

(₹ in million)

Particulars	31 March 2016	31 March 2015
Not later than one year	54.3	66.7
Later than one year but not later than five years	85.1	90.9
Later than five years	6.2	1.9
Total	**145.6**	**159.5**

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b) Subsidiary companies in the U.S. have future obligations under finance lease for procurement of Plant & Equipment's which are payable as follows:

(₹ in million)

Particulars	31 March 2016	31 March 2015
Not later than one year	31.3	28.7
Later than one year but not later than five years	23.4	50.9
Later than five years	-	-
Total	**54.7**	**79.6**

NOTE-2.34 SEGMENTAL REPORTING AS REQUIRED BY ACCOUNTING STANDARD – 17 (AS-17)

Primary Segment

The Group is currently focussing on two business segments i.e., pharmaceutical and investing. The business of food division is insignificant and accordingly, has not been considered as a separate business segment. The research & development activity of the Group is part of the pharmaceutical business.

(₹ in million)

Particulars	Pharma Business		Investing		Unallocable		Total	
	March 16	March 15	March 16	March 15	March 16	March 15	March 16	March 15
Revenue								
Revenue (net)	49,915.4	37,433.5	-	-	-	-	49,915.4	37,433.5
Other income	249.2	49.2	1,395.9	1,761.2	-	-	1,645.1	1,810.4
Total Revenue	50,164.6	37,482.7	1,395.9	1,761.2	-	-	51,560.5	39,243.9
Result								
Segment Result	8,731.8	4,268.1	1,395.6	1,760.6	-	-	10,127.4	6,028.7
Less: Interest#	-	-	242.6	337.7	428.0	473.4	670.6	811.1
Less: Depreciation	1,005.8	709.4	-	-	-	-	1,005.8	709.4
Profit Before Tax	7,726.0	3,558.7	1,153.0	1,422.9	(428.0)	(473.4)	8,451.0	4,508.2
Less: Tax							1,551.4	284.9
Less: Deferred tax charge / (Credit)							54.6	307.4
Profit after tax	7,726.0	3,558.7	1,153.0	1,422.9	(428.0)	(473.4)	6,845.0	3,915.9
Other Information								
Segmental assets	34,986.4	31,262.5	13,804.2	16,604.2	5,596.1	5,090.9	54,386.7	52,957.6
Segmental liabilities	10,634.7	7,986.7	-	-	8,725.5	14,980.4	19,360.2	22,967.1
Capital expenditure	2,305.2	2,946.6	-	-	-	-	2,305.2	2,946.6
Depreciation	1,005.8	709.4	-	-	-	-	1,005.8	709.4
Non cash expenditure other than depreciation	500.3	707.0	-	-	-	-	500.3	707.0

Interest is allocated to the investing segment on the basis of net asset utilised

Secondary Segment

In respect of secondary segment information, the Company has identified its geographical segment as (i) India and (ii) Outside India. The secondary segment information has been disclosed accordingly.

(₹ in million)

Particulars	Revenue from Sale of Product		Other Operating Revenue		Revenue from Operations		Carrying amount of Segment Assets		Capital Expenditure	
	March 16	March 15	March 16	March 15	March 16	March 15	March 16	March 15	March 16	March 15
India	35,361.0	27,129.7	821.3	734.2	36,182.3	27,863.8	43,443.1	45,035.6	1,769.7	1,316.1
Outside India	13,407.6	9,486.2	325.5	83.4	13,733.1	9,569.7	10,943.6	7,922.0	535.5	1,630.5
Total	48,768.6	36,615.9	1,146.8	817.6	49,915.4	37,433.5	54,386.7	52,957.6	2,305.2	2,946.6

Notes

to the Consolidated Financial Statements

NOTE-2.35 INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY ACCOUNTING STANDARD 18 (AS 18) ON RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2016

List of Related Parties and their relationship

A. Key Managerial Personnel

Mr. Samprada Singh	Chairman Emeritus	**B. Relatives of Key Management Personnel with whom transaction have taken place during the year**	
Mr. Basudeo Narain Singh	Executive Chairman	Mr. Satish Kumar Singh	Son of Samprada Singh
Mr. Balmiki Prasad Singh	Director	Mrs. Jayanti Sinha	Sister of Samprada Singh
Mr. Dhananjay Kumar Singh	Joint Managing Director	Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Mrityunjay Kumar Singh	Director	Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Sandeep Singh	Joint Managing Director	Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mr. Nawal Kishore Singh (up to 2 January, 2015)	Director	Mr. Sarvesh Singh	Brother of Sandeep Singh
Mr. Prabhat Narain Singh (up to 20 February, 2015)	Director	Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mr. Prabhat Agrawal (w.e.f. 21st October, 2014)	Chief Executive Officer	Mrs. Premlata Singh	Mother of Sandeep Singh
		Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
		Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
		Ms. Divya Singh	Daughter of Dhananjay Kumar Singh
		Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
		Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
		Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
		Ms.Inderjit Arora	Wife of Sandeep Singh
		Rekha Singh	Wife of Basudeo Narain Singh
		Mr. Nawal Kishore Singh	Son of Samprada Singh
		Shalini Singh (up to 2 January 2015)	Daughter of Nawal Kishore Singh
		Neha Singh (up to 2 January 2015)	Daughter of Nawal Kishore Singh
		Khushboo Singh (up to 2 January 2015)	Daughter of Nawal Kishore Singh
		Anju Singh (up to 2 January 2015)	Wife of Nawal Kishore Singh

Notes

to the Consolidated Financial Statements

C. Entities with whom transaction have taken place during the year in which Key Management Personnel's and their relatives have significant influence:

M/s Galpha Laboratories Ltd., M/s. Samprada Singh (HUF),Cachet Pharmaceuticals Pvt. Ltd (up to 27 March, 2015) , Indchemie Health Specialities Pvt. Ltd.(up to 30 March, 2015)

(₹ In million)

Sr. No.	Particulars	Year ended 31 March 2016			
		Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Remuneration*	398.4	82.0	-	480.4
		(307.7)	(22.9)	-	(330.7)
2	Loans Taken	-	60.7	-	60.7
		(319.2)	-	-	(319.2)
3	Loans Repaid		-	-	
		(679.9)	(283.8)	(2.6)	(966.2)
4	Interest expense on loans taken	-	0.9	-	0.9
		(37.7)	(24.1)	(0.3)	(62.1)
5	Purchase of Goods	-	-	383.0	383.0
		-	-	(2,003.1)	(2,003.1)
6	Sale of Goods	-	-	42.1	42.1
		-	-	(59.4)	(59.4)
7	Sale of Raw and Packing Materials	-	-	7.7	7.7
		-	-	(15.8)	(15.8)
8	Purchase of Raw and Packing Materials	-	-	49.5	49.5
		-	-	(90.8)	(90.8)
9	Services received	-	-	15.8	15.8
		-	-	(117.1)	(117.1)
10	Services rendered	-	-	15.3	15.3
		-	-	(23.1)	(23.1)
11	Rental Income	-	-	3.3	3.3
		-	-	(16.5)	(16.5)
12	Rent Expenses	0.6	3.4	-	4.0
		(0.6)	(3.4)	-	(4.0)
13	Final/Interim Dividend paid	419.5	582.0	1.9	1,003.4
		(147.1)	(185.1)	(0.6)	(332.8)
14	Repayment of loan given	3.0	-	-	3.0
		(3.0)	-	-	(3.0)
15	Sale of Assets/Assets under construction	-	-	-	-
		(34.7)	-	(0.5)	(35.2)
16	Reimbursement of expenses from	-	-	0.3	0.3
		-	-	(2.3)	(2.3)
17	Interest income on loan Given	0.2	-	-	0.2
		(0.1)	-	-	(0.1)

*Remuneration does not include charge for gratuity and leave encashment as employee-wise break-up is not available.

Figures in the brackets are the corresponding figures of the previous period.

Notes

to the Consolidated Financial Statements

NOTE-2.35

INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY ACCOUNTING STANDARD 18 (AS 18) ON RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2016.

Out of the above items transactions in excess of 10% of the total related party transactions

(₹ In million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2016	Year ended 31 March 2015
1	**Remuneration**			
	Mr. Samprada Singh	Key Management Personnel	126.0	85.5
	Mr. Basudeo Narain Singh	Key Management Personnel	86.9	86.4
	Mr. Naval Kishore Singh	Key Management Personnel	-	68.6
	Mr. Prabhat Agrawal	Key Management Personnel	58.7	-
2	**Loans taken**			
	Mr. Basudeo Narain Singh	Key Management Personnel	-	122.5
	Mr. Dhananjay Kumar Singh	Key Management Personnel	-	35.3
	Mr. Samprada Singh	Key Management Personnel	-	55.0
	Mr. Balmiki Prasad Singh	Key Management Personnel	-	105.2
	Mr Satish Kumar Singh	Relative of Key Management Personnel	60.7	-
3	**Loans repaid**			
	Mr. Basudeo Narain Singh	Key Management Personnel	-	238.9
	Mr. Samprada Singh	Key Management Personnel	-	124.6
	Mr. Balmiki Prasad Singh	Key Management Personnel	-	200.1
	Mrs. Rekha Singh	Relative of Key Management Personnel	-	126.6
4	**Interest expenses on loans taken**			
	Mr. Balmiki Prasad Singh	Key Management Personnel	-	12.8
	Mr. Basudeo Narain Singh	Key Management Personnel	-	13.6
	Mrs. Rekha Singh	Relative of Key Management Personnel	-	8.7
	Mr. Satish kumar Singh	Relative of Key Management Personnel	0.9	-
5	**Purchase of goods**			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	722.0
	Indchemie Health Specialties Pvt. Ltd.	Entities	-	866.3
	Galpha Laboratories Limited	Entities	383.0	414.7
6	**Sale of raw and packing materials**			
	Indchemie Health Specialties Pvt. Ltd.	Entities	-	11.4
	Galpha Laboratories Limited	Entities	7.7	2.9
7	**Purchase of raw and packing materials**			
	Galpha Laboratories Limited	Entities	49.5	87.9
8	**Services received**			
	Indchemie Health Specialties Pvt. Ltd.	Entities	-	79.8
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	20.9
	Galpha Laboratories Limited	Entities	-	16.4
9	**Services rendered**			
	Galpha Laboratories Limited	Entities	11.1	22.8
10	**Rental Income**			
	Indchemie Health Specialties Pvt. Ltd.	Entities	-	10.2
	Galpha Laboratories Limited	Entities	3.3	3.3
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	3.0

Notes

to the Consolidated Financial Statements

(₹ In million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2016	Year ended 31 March 2015
11	**Rent Expenses**			
	Mr. Dhananjay Kumar Singh	Key Management Personnel	0.6	0.6
	Mrs. Divya Singh	Relative of Key Management Personnel	1.1	1.1
	Mrs. Madhurima Singh	Relative of Key Management Personnel	1.1	1.3
	Mr. Sarvesh Singh	Relative of Key Management Personnel	1.0	1.0
12	**Sale of Assets/Assets under construction**			
	Mr. Basudeo Narain Singh	Key Management Personnel	-	34.7
13	**Reimbursement of expenses from**			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	0.8
	Indchemie Health Specialties Pvt. Ltd.	Entities	-	0.9
	Galpha Laboratories Limited	Entities	0.3	0.6
14	**Loans Given (net)**			
	Mr. Prabhat Agrawal	Key Management Personnel	-	3.7
15	**Repayment of loan given**			
	Mr. Prabhat Agrawal	Key Management Personnel	3.0	0.7
16	**Interest Income on loan given**			
	Mr. Prabhat Agrawal	Key Management Personnel	0.2	0.1

Balance due from / to the related Parties

(₹ In million)

Sr. No.	Particulars	As at 31 March 2016			
		Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	
1	Outstanding Payables	-	-	46.7	46.7
2	Loan payable	-	60.7	-	60.7
3	Outstanding Receivable	-	-	5.7	5.7

(₹ In million)

Sr. No.	Particulars	As at 31 March 2015			
		Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	
1	Outstanding Payables	-	-	53.8	53.8
2	Loan payable	3.0	-	-	3.0

NOTE-2.36 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ **2,165.5 million** (Previous year ₹ 1,695.5 million)

Notes

to the Consolidated Financial Statements

NOTE-2.37 EARNINGS PER SHARE (EPS)

Particulars			Year ended 31 March 2016	Year ended 31 March 2015
Profit /(loss) after tax attributable to equity shareholders	₹ in million	A	6,731.2	3,915.9
Weighted average number of equity shares outstanding during the year	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	56.30	32.75

Since the split in face value of equity shares from ₹ 10 each to ₹ 2 each fully paid up and the issue of bonus shares in the ratio of 1 fully paid up equity shares of face value of ₹ 2 each for each existing equity shares of face value of ₹ 2 each is an issue without consideration, the issue is treated as if it had occurred prior to the beginning of the year 2013-14, the earliest period reported.

NOTE-2.38 DISCLOSURE AS PER ACCOUNTING STANDARD (AS 29) FOR PROVISIONS IS AS UNDER:

Provision for Sales Return:

(₹ In million)

Particulars	As at 31 March 2016	As at 31 March 2015
Carrying amount at the beginning of the year	504.2	-
Add: Provision made during the year *	543.3	504.2
Less: Amount used/utilized during the year	296.3	-
Carrying amount at the end of the year	751.2	504.2

Until 31 March 2014,the Company accounted for sales returns on actual returns. With effect from 1st April, 2014, in line with an opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting for sales returns, the company has revised its approach by accounting for anticipated sales returns and has recorded a cumulative provision for anticipated sales returns during the year ended 31 march 2015 , by charging it to Statement of Profit and Loss.

NOTE-2.39 DERIVATIVE CONTRACTS

Company has entered into an interest rate swap contract to hedge the interest rate risk with respect to the foreign currency borrowing with a variable interest rates based on LIBOR. The Company has fair valued the financial instruments and the reversal mark to market losses on the instrument has been recognised to the Statement of Profit and Loss during the year amounting to ₹ **3.1 million** (Previous year ₹ 10.9 millions - Charged to the Statement of Profit and Loss).

NOTE-2.40 The gross amount required to be spent on Corporate Social Responsibilities ("CSR") by the Group during the year is ₹ 97.7 million (Previous year : ₹ 94.6 million) The Group has spent ₹ 43.0 million (Previous Year : 12.0 million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

NOTE-2.41 GOODWILL ON CONSOLIDATION COMPRISES OF

(₹ In million)

Name of the Entities	As at 31 March 2016	As at 31 March 2015
The Pharmanetwork LLC, United States of America	1,877.3	1,775.9
Pharmacor Ltd Australia	159.1	151.0
Enzene Biosciences Limited	106.0	106.0
Cachet Pharmaceuticals Pvt. Ltd	487.9	487.9
Indchemie Health Specialities Pvt. Ltd	900.3	900.3
Total	**3,530.6**	**3,421.0**

Notes

to the Consolidated Financial Statements

NOTE-2.42 MINORITY INTEREST REPRESENTS THE MINORITY'S SHARE IN EQUITY OF THE SUBSIDIARIES AS BELOW:

(₹ In million)

Name of the Entities	As at 31 March 2016	As at 31 March 2015
Cachet Pharmaceuticals Pvt. Ltd		
Share in Equity Capital	0.7	0.7
Share in Reserves and Surplus	164.2	144.4
Sub Total (A)	**164.9**	**145.1**
Indchemie Health Specialities Pvt. Ltd		
Share in Equity Capital	1.2	1.2
Share in Reserves and Surplus	799.3	710.2
Sub Total (B)	**800.5**	**711.4**
Grand Total (A) + (B)	**965.4**	**856.5**

NOTE-2.43 During the year, the Company has sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations to Ordain Health Care Global Private Limited for a total consideration of ₹ 205.0 million.

NOTE-2.44 ADDITIONAL INFORMATION AS REQUIRED UNDER PARA 2 OF GENERAL INSTRUCTION FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF SCHEDULE III TO THE COMPANIES ACT, 2013.

Name of the enterprises	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As (%) of consolidated net assets	Amount (₹ In million)	As (%) of consolidated profit or loss	Amount (₹ In million)
Parent Company				
Alkem Laboratories Limited	98.82%	35,598.0	94.85%	6,384.4
Subsidiaries				
Indian				
Enzene Biosciences Limited	0.43%	155.4	-4.25%	(286.0)
Cachet Pharmaceuticals Private Limited	0.99%	357.9	0.60%	40.4
Indchemie Health Specialities Private Limited	4.60%	1,657.0	2.85%	191.8
Foreign				
Alkem Laboratories (Nigeria) Limited	-0.40%	(145.1)	-0.59%	(39.9)
Alkem Laboratories Pty Ltd	-0.02%	(8.5)	-0.06%	(4.0)
Alkem Pharma Gmbh	-0.01%	(2.1)	-0.01%	(0.5)
Alkem Laboratories Corporation	-0.23%	(83.9)	-1.19%	(80.4)
S & B Holdings B.V	4.42%	1,592.6	-6.96%	(468.6)
Pharmacor Ltd (Australia)	0.09%	33.2	1.51%	101.4
The Pharmanetwork LLC & Subsidiaries	11.36%	4,092.1	20.11%	1,353.8
Ascends Laboratories SDN BHD.	0.00%	0.0	0.00%	-
Ascend Laboratories SpA	0.09%	32.4	0.47%	31.9
Alkem Laboratories, Korea Inc	0.00%	0.1	0.00%	0.0
Pharmacor Ltd.	0.00%	0.1	0.00%	0.0
S&B Pharma Inc.	0.43%	153.9	-2.27%	(152.5)
The PharmaNetwork, LLP	0.16%	56.9	-0.20%	(13.3)
Ascend Laboratories (UK) Limited	0.04%	13.7	0.11%	7.3
Total Eliminations	-23.45%	(8,446.2)	-3.28%	(220.8)
Minority Interest	2.68%	965.4	-1.69%	(113.8)
	100.00%	**36,022.9**	**100.00%**	**6,731.2**

Notes

to the Consolidated Financial Statements

NOTE-2.45 ACQUISITION OF MANUFACTURING FACILITY OF LONG PHARMA

On 5 June 2015, the subsidiary of the Company, S&B Pharma Inc., USA consummated the acquisition of substantially, all the assets of Long Pharmaceuticals ("Long"), a Missouri Limited Liability Company. The transaction is financed by the credit facility provided by the bank. The purchased assets of this pharmaceutical product development and manufacturing business include property located at 1733 Gilson lane, Fenton, MO including all improvement fixture and leasehold property, material contracts, all trademark data, dossier and other intellectual property and all other assets used in the operation of the business including lab and manufacturing equipments, office furniture, communication equipment and forklifts. The amount paid for the Long's operating assets aggregated to $7,017,420 (₹ 450.2 million) plus the assumption of certain liabilities $240,537 (₹15.4 million) associated with assets purchased.

NOTE-2.46

a) During the previous year, the Company had settled some pending legal matters in relation to product infringement claims on the company. As a part of settlement, the Company had paid ₹ 262.5 millions which is shown under Miscellaneous expenses in Other Expenses under note 2.28.

b) During the previous year the Subsidiary in USA had initiated, with the help of external consultants and lawyers, to implement system related to Government reporting and arrived at additional amount payable to US Department of Health and Human Services. The total cost of USD 51,02,206 equivalent to ₹ 311.6 millions considered as expenditure during the year of which ₹ 188.8 millions is under legal and professional charges and ₹ 122.8 millions is under Miscellaneous expenses in Other expenses under Note 2.28.

NOTE-2.47

a) During the year ended 31 March 2016, the Company had contributed ₹ 100.4 million in Wholly Owned Subsidiary The Pharma Network LLP, in Kazakhstan by way of Capital contribution.

b) During the previous year the company had acquired 51% equity stake in following companies in India:
   i) Indchemie Health Specialities Pvt. Ltd ("IHSPL") at a total cost of ₹ 1,640.7 millions

   ii) Cachet Pharmaceuticals Pvt. Ltd ("CPPL") at a total cost of ₹ 638.9 millions pursuant to the acquisition IHSPL & CCPL have become subsidiary of the Company.

c) During the previous year the company purchased additional 20% equity stake in its subsidiary M/s. Enzene Biosciences Limited ("EBL") at a total cost of ₹ 35.0 millions. persuant to these acquisition EBL had become a wholly owned subsidiary of the company. During the year company has contributed ₹ 497.4 million by way of capital contribution.

d) During the previous year company had set up a wholly owned subsidiary in United Kingdom viz, "Ascend Laboratories (UK) Limited" by way of a capital contribution of ₹ 4.9 millions. During the year company has further contributed ₹ 5 million towards capital.

e) During the previous year the company had acquired 51% equity stake in M/s. S&B Pharma Inc. from its wholly owned subsidiary viz M/s. S&B Holdings B.V. Netherlands. Pursuant to the acquisition M/s.S&B Pharma Inc. has now become a direct wholly owned subsidiary of the Company.

f) During the previous year the company has contributed ₹ 0.1 million in Alkem Real Estate LLP as capital contribution and the same has been withdrawn pursuant to the process of winding up of the Alkem Real Estate LLP.

Notes

to the Consolidated Financial Statements

NOTE-2.48 EMPLOYEE STOCK OPTION SCHEME

ENZENE BIOSCIENCES LIMITED (Subsidiary)

As at 31 March 2016, the Company has following share based payment arrangements for employees

ESOS 2016

This Scheme shall be called 'Enzene Employee Stock Option Scheme 2016' ("ESOS 2016"/"Scheme").

ESOS 2016 is established with effect from 15th January, 2016 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOS 2016 have been issued and exercised, whichever is earlier. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of shares.

The terms and conditions related to the grant of the shares options are as follows:

Date of Grant	3-Mar-16
Exercise price per Option	₹ 125.80
Number of Options granted	145600
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
3-Mar-17	1 year from the date of grant	5%	5%
3-Mar-18	2 years from the date of grant	15%	15%
3-Mar-19	3 years from the date of grant	20%	20%
3-Mar-20	4 years from the date of grant	30%	30%
3-Mar-21	5 years from the date of grant	30%	30%
Total		**100%**	**100%**

Share based payment expenses

(₹ in million)

Name of Scheme	
ESOS 2016	0.2
Total Expenses recognised in "Employee benefit"	**0.2**

Reconcilition of outstanding share options

Particulars	No.of Options	
	As at 31 March 2016	As at 31 March 2015
Outstanding at 1 April	-	-
Granted during the year	145,600	-
Forfeited during the year	-	-
Excercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March	145,600	-

Notes

to the Consolidated Financial Statements

The estimated grant-date fair value of Stock options granted under ESOS 2016 plan is ₹ 69.4

The fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historical average of share price volatility of peer companies. The Inputs used in the measurement of grant-date fair values are as follows:

Fair value as on Grant Date of Equity Shares	148
Compounded Risk-Free Interest Rate	7.70%
Expected volatility	31.93%

NOTE-2.49 During the year ended 31 March 2016, considering future growth requirement of domestic business, the Company has commenced construction of new units at Sikkim which will be entitled for fiscal incentives including benefit under income tax. Further, Finance Act 2016 has partially extended income tax benefit on Research and Development expenditure up to fiscal year 2019-20. These factors may result into lower utilisation of accumulated MAT credit entitlement. Consequently, MAT credit entitlement of ₹ 834.1 million has been written off during the year, which is shown under "MAT entitlement credit of earlier years written off" in Tax Expenses.

NOTE-2.50 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date attached,

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner

Membership No. 048648

Mumbai
Date : 27 May, 2016

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Samprada Singh
Chairman Emeritus
DIN No.00760279

B.N. Singh
Executive Chairman
DIN No.00760310

D.K.Singh
Joint Managing Director
DIN No.00739153

Sandeep Singh
Joint Managing Director
DIN No.01277984

B.P. Singh
Director
DIN No.00739856

M.K. Singh
Director
DIN No.00881412

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

P.V.Damodaran
VP - Business Finance

Mumbai
Date : 27 May, 2016

Notice

Proxy Form

ALKEM LABORATORIES LIMITED
Registered Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
CIN: U00305MH1973PLC174201
Email: investors@alkem.com Website: www.alkemlabs.com

Notice

NOTICE is hereby given that the Forty Second Annual General Meeting of the Members of **Alkem Laboratories Limited** will be held on Friday, 2nd September, 2016, at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt
   (a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2016 and the Reports of the Board of Directors and Auditors thereon.
   (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2016 and the Reports of the Board of Directors and Auditors thereon.

2. To confirm and approve the payment of the first interim dividend of ₹ 3/- per Equity share and the second interim dividend of ₹ 9.7/- per Equity Share of face Value of ₹ 2/- each paid during the financial year ended 31st March, 2016.

3. To appoint a Director in place of Mr. Dhananjay Kumar Singh (DIN: 00739153), who retires by rotation and being eligible, offers himself for re-appointment.

4. To ratify the appointment of M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/ W-100022) pursuant to the resolution passed by the Members at the Fortieth Annual General Meeting held on 18th August, 2014, as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, till the conclusion of the Forty Third Annual General Meeting, on such remuneration, as may be agreed upon between the Auditors and the Board of Directors.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or enactments thereof, for the time being in force), the remuneration amounting to ₹ 7,00,000/- (Rupees Seven Lakhs only) plus Service Tax and re-imbursement towards the out of pocket expenses at actuals upto ₹ 10,000 incurred in connection with the audit by Mr. Suresh D Shenoy, Cost Accountant (Membership No. 8318), who was appointed by the Board of Directors of the Company as Cost Auditor to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2016, be and is hereby ratified."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under, consent of the Members of the Company be and is hereby accorded to keep, maintain and preserve Register of Members/Debenture holders/other security holders of the Company, indicated under Section 88 of the Companies Act, 2013, at the Office of Company's Registrar and Share Transfer Agents, "Link Intime India Pvt. Ltd." at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078 or at any other place of office of the said Registrar and Transfer Agents.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, the remuneration of Mr. Basudeo N. Singh (DIN: 00760310), Executive Chairman of the Company be and is hereby increased to ₹ 63,80,000/- (Rupees Sixty Three Lacs Eighty Thousand Only) per month with effect from 1st April, 2016 upto 31st March, 2019 i.e. upto the expiry of his present term of office and that he

shall also be entitled for the following benefits:

(i) Medical Reimbursement:
Medical reimbursement for himself and his family subject to a ceiling of ₹ 3,00,000/- per year.

(ii) Leave Travel Allowance:
Leave Travel Allowance for himself and his family once in a year which shall not exceed one month's salary.

(iii) Personal Accident Insurance Premium:
The company shall also reimburse the Personal Accident Insurance Premium.

(iv) Provident Fund and Family Pension:
Benefit of Provident Fund and Family Pension as per the Company's rules.

(v) Gratuity
Gratuity payable, shall not exceed half month's salary for each completed year of service.

(vi) Encashment of Leave not availed
Unavailed leaves shall be encashed at the end of the tenure.

(vii) Company's Car and Driver
He shall be entitled for two company cars with two drivers.

(viii) Club Fees
He shall be entitled for Entrance and Annual membership fees of any one club.

(xi) Domestic Servant
He shall be entitled for two domestic servants.

Other terms

(a) Leave
As per rules of the Company.

(b) Sitting fees
He shall not be entitled for sitting fees for attending the Meetings of the Board of Directors or of the Committees constituted by the Board of Directors.

He shall be entitled to re-imbursement of expenses incurred in the course of legitimate business purposes of the Company.

RESOLVED FURTHER THAT in addition to the above salary and perquisites, commission upto 0.50% of the net profits of the Company calculated in the manner provided in Section 198 of the Companies Act, 2013, shall be payable to Mr. Basudeo N. Singh, subject to such ceiling for each financial year as may be decided by the Board of Directors of the Company from time-to-time.

RESOLVED FURTHER THAT any one of the Directors/Company Secretary of the Company be and is hereby authorised to take all required steps to give effect to this resolution."

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses covered under item nos. 5 to 7 to be transacted at the Annual General Meeting is annexed hereto. In respect of Resolutions at item nos. 3 and 7, a statement giving additional information on the Directors seeking re-appointment is annexed hereto as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standard-2 on General Meetings.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. PURSUANT TO SECTION 105 OF THE COMPANIES ACT, 2013, A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT MORE THAN FIFTY MEMBERS AND HOLDING IN AGGREGATE, NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. MEMBERS HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY, WHO SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.

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 later than 48 hours before the commencement of the meeting.

5. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting.

6. Members, Proxies and Authorized Representatives are requested to bring to the meeting, the Attendance Slip sent alongwith the Annual Report duly completed and signed mentioning therein details of their DP ID and Client ID / Folio number.

7. Members are advised to make nomination in respect of their shareholding in the Company. The Nomination Form can be downloaded from the Company's website www.alkemlabs.com. Members holding shares in physical form should file their nomination with M/s Link Intime India Private Limited, Company's Registrar and Share Transfer Agents whilst those Members holding shares in dematerialized mode should file their nomination with their Depository Participant.

8. Members are requested to contact, Company's Registrar and Share Transfer Agents for encashing the unclaimed dividends standing to the credit of their account.

9. Members are requested to update their bank mandate / NECS / Direct credit details / name / address / power of attorney and update their Core Banking Solutions enabled account number:
   - For shares held in physical form: with the Registrar and Transfer Agents of the Company.
   - For shares held in dematerialized form: with the Depository Participant with whom they maintain their demat account.

10. Non Resident Indian members are requested to immediately inform their Depository Participants (in case of shares held in dematerialized form) or the Registrars and Transfer Agents of the Company (in case of shares held in physical form), as the case may be, about:
    - the change in the residential status on return to India for permanent settlement;
    - the particulars of the NRE account with a bank in India, if not furnished earlier.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to, Company's Registrar and Share Transfer Agents. The Company also requests you to update your email address with your Depository Participant to enable us to send you the annual reports and other communications via email.

12. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can send Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members who have not registered their email address with the Company are requested to submit their request with their valid email address to, Company's Registrar and Share Transfer Agent or with the Depository Participant. Members holding shares in demat form are requested to register their email address with their Depository Participant(s) only. Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.

13. Members desiring any information relating to the Annual Report of the Company, can write to the Company Secretary at the Registered Office address or by sending an email to investors@alkem.com, atleast seven days before the date of the Annual General Meeting.

14. A Route Map showing directions to the venue of the 42nd Annual General Meeting and nearby prominent landmark is given at the end of this Notice.

15. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 will be kept open for inspection at the Annual General Meeting. All the documents referred to in this Notice as well as in the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the Annual General Meeting.

16. Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is providing facility for voting by electronic means, to all Members as of the cut-off date as per the applicable regulations and all the businesses contained in this Notice may be transacted through such voting. The e-voting facility is being provided through Central Depository Services Limited (CDSL). The instructions for Members for voting by electronic means are given below.

A. The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 30th August, 2016 at 9.00 A.M. and ends on 1st September, 2016 at 5.00 P.M. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 26th August, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a Member as on the cut off date should treat this Notice for information purpose only.

(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 Number registered with the Company.

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

(vi) If you are holding shares in demat form and had logged 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 given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
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 Number 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 **"160727012"** for Alkem 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 login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) 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 respectively. 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 Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts 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 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.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. Any person having any grievances in connection with remote e-voting may write to:

  Name: Mr. Mehboob Lakhani
  Designation: Assistant Manager
  Address: 16th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001.
  Email id: helpdesk.evoting@cdslindia.com
  Phone number: 18002005533

B. The e-voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. 26th August, 2016.

C. A copy of this notice has been placed on the website of the Company and the website of CDSL.

D. The Company has appointed Mr. S. Anantha Rama Subramanian, Practising Company Secretary, Proprietor of M/s S. Anantha & Co., Company Secretaries, Mumbai (Membership Number: 4443, CoP Number: 1925) to act as the Scrutinizer, to scrutinize the entire e-voting / ballot voting process in a fair and transparent manner.

E. The facility for voting through Ballot shall also be made available at the meeting to those Members who have not already cast their vote through remote e-voting.

F. The Members who have casted their votes through remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

G. The Scrutinizer shall submit his report to the Chairman of the meeting. The Results declared along with the report of Scrutinizer shall be placed on the website of the Company www.alkemlabs.com and on website of CDSL immediately after declaration of results by the Chairman or person authorized by him in this behalf.

H. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of Annual General Meeting.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013

By Order of the Board

Samprada Singh
Chairman Emeritus
DIN: 00760279

Mumbai
Date: 27th May, 2016

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

Item No. 5

The Board of Directors at its Meeting held on 28th September, 2015, on recommendation of the Audit Committee, approved the appointment of Mr. Suresh D Shenoy, Cost Accountant (Membership No. 8318) as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2016 at a remuneration of ₹ 7,00,000/- (Rupees Seven Lakhs only) plus Service Tax and re-imbursement at actuals subject to a limit of ₹ 10,000/- (Ten Thousand only) towards out of pocket expenses incurred for the purpose of the above audit.

In accordance with Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or enactments thereof, for the time being in force), the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company. Accordingly, your consent is sought to the Resolution as set out at Item No. 5 for ratification of remuneration payable to Cost Auditor for financial year 2015-2016.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 5 of the Notice for your approval.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in aforesaid Resolution.

Item No. 6

Pursuant to the provisions of Section 94 of the Companies Act, 2013 and Rules made thereunder, the Register of Members/Debenture holders/other security holders and Index of Members required to be kept and maintained by the Company at its registered office. The said section further provides that such registers may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved by a Special Resolution passed at a general meeting of the Company and the Registrar has been given a copy of the proposed Special Resolution in advance.

The Company had come up with the IPO through offer for sale and its Equity Shares got listed on the Stock Exchanges on 23rd December, 2015. Considering the substantial increase in the number of shareholders of the Company, it is proposed to maintain and preserve the Register of Members and Index of Members at the office of Registrar and Share Transfer Agents appointed by the Company, situated in Mumbai. Accordingly, your consent is sought to the Resolution as set out at Item No. 6 for maintaining the Register of Members and Index of Members at the office of Company's Registrar and Share Transfer Agents i.e Link Intime India Pvt. Ltd at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078 or at any other place of office of the said Registrar and Transfer Agents in Mumbai.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

Item No. 7

The appointment of Mr. Basudeo N. Singh (DIN: 00760310) as Managing Director of the Company was approved by the Members of the Company for a period of five years w.e.f. 1st April, 2014 in the Fortieth Annual General Meeting held on 18th August, 2014. Thereafter, at the Extra-ordinary General Meeting held on 16th March, 2015, Mr. Basudeo N. Singh was re-designated as Executive Chairman of the Company. The Nomination and Remuneration Committee at its meeting held on 26th May, 2016 and Board of Directors at its meeting held on 27th May, 2016 have approved increase in remuneration of Mr. Basudeo N. Singh as mentioned in the resolution under item no. 7.

Mr. Basudeo N. Singh is the co-founder of the Company and has served on the Board of the Company since its incorporation. He has over 40 years of experience in the Indian Pharmaceutical Industry. As an Executive Chairman of the Company, he drives the growth of the Company and its strategic operations. With the accelerated growth in the operations of the Company, his responsibilities have increased manifold. Keeping in view the outstanding contribution made by Mr. Basudeo N. Singh in the progress of the Company and his involvement in the day-to-day operations of the Company as an Executive Chairman of the Company, it is proposed to increase his remuneration, as detailed in the Resolution under item no. 7.

Accordingly, pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules and Schedule V to the said Act, your approval is sought for passing the Special Resolution as set out in item number 7 of the Notice.

Mr. Basudeo N. Singh and Mr. Mritunjay Kumar Singh, Executive Director & Mr. Dhananjay Kumar Singh, Joint Managing Director, being sons of Mr. Basudeo N. Singh are deemed to be interested in the resolution. None of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013

By Order of the Board

Samprada Singh
Chairman Emeritus
DIN: 00760279

Mumbai
Date: 27th May, 2016

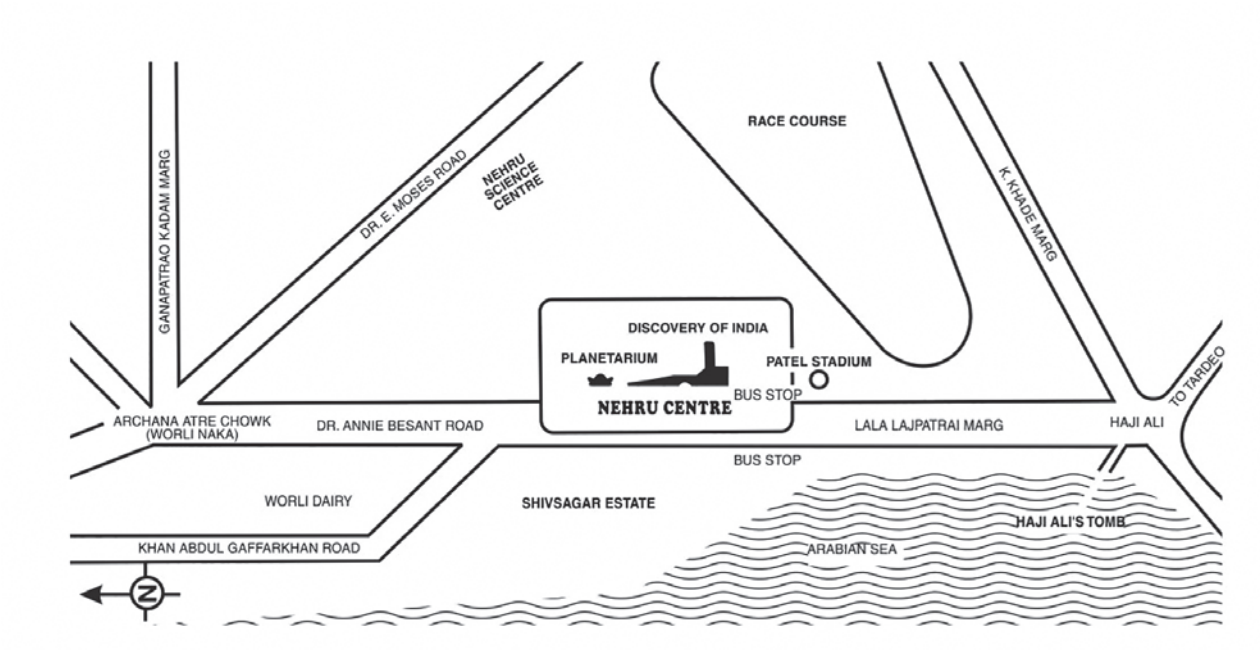
ANNEXURE TO ITEMS 3 AND 7 OF THE NOTICE

Profile of Directors seeking re-appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Secretarial Standard – 2 on General Meetings)

Name of Director	Mr. Dhananjay Kumar Singh	Mr. Basudeo N. Singh
DIN	00739153	00760310
Date of Birth	29.07.1962	20.11.1940
Age	53 years	75 years
Qualifications	Bachelor in Commerce	Bachelor of Arts and Master's Degree in Political Science
Experience	Over 30 years	Over 40 years
Expertise in specific functional areas	Marketing (Domestic), Purchase, HRD, Audit, Administration, Legal, CSR and branding functions	Pharmaceutical
Date of Appointment on the Board	25.10.1988	08.08.1973
Terms and conditions of appointment	On such terms and conditions as mentioned in the resolution passed in the Extra Ordinary General Meeting held on 16th March, 2015	As specified in the proposed Resolution under item No. 8 to this Notice
Remuneration last drawn	₹ 3,49,56,443/- p.a. received during FY 2015-2016	₹ 8,68,87,049/- p.a. received during FY 2015-2016
Remuneration proposed to be given	N.A.	As detailed under Resolution No. 7
Number of shares held in the Company as on 31st March, 2016	5,766,260 Equity Shares of ₹ 2/- each	84,05,950 Equity Shares of ₹ 2/- each
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	NIL	1
Chairmanship/Membership of Committees Audit and Stakeholders' Relationship Committees across Public Companies including Alkem Laboratories Limited	1 – Member of Stakeholders' Relationship Committee of Alkem Laboratories Limited	NIL
Relationship between Directors inter se	Son of Mr. Basudeo N. Singh, Executive Chairman and Brother of Mr. Mritunjay Kumar Singh, Executive Director	Father of Mr. Dhananjay Kumar Singh, Joint Managing Director and Mr. Mritunjay Kumar Singh, Executive Director
Number of Board Meetings attended during the year 2015-2016 (Out of total 5 Board Meetings held)	5	5

ROUTE MAP



Location Map of Nehru Centre

ALKEM

ALKEM LABORATORIES LIMITED

Registered Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

CIN: U00305MH1973PLC174201

Email: investors@alkem.com Website: www.alkemlabs.com

FORM NO. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s): _____

Registered address: _____

E-mail Id: _____

Folio No/ Client Id: _____

DP ID: _____

I/We, being the member (s) of _____ **shares of the above named Company, hereby appoint**

1. Name: _____

Address: _____

_____ **E-mail Id:** _____

Signature: _____**,or failing him/her**

2. Name: _____

Address: _____

_____ **E-mail Id:** _____

Signature: _____**,or failing him/her**

3. Name: _____

Address: _____

_____ **E-mail Id:** _____

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual general meeting of the company, to be held on Friday, the 2nd day of September, 2016 at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Optional see Note 2) For	Against
ORDINARY BUSINESS			
1	Receive, consider and adopt: a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2016 and the Reports of the Board of Directors and Auditors thereon; b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2016 and the Reports of the Board of Directors and Auditors thereon.		

Resolution Number	Resolution	Vote (Optional see Note 2) For	Against
2	Confirmation and approval of payment of the first interim dividend of ₹ 3/- per Equity Share and second interim dividend of ₹ 9.7/- per Equity Share of Face value of ₹ 2/- each paid during the financial year ended 31st March, 2016.		
3	Appointment of Mr. Dhananjay Kumar Singh (DIN: 00739153), who retires by rotation and being eligible, offers himself, for re-appointment as a director.		
4	Ratification of appointment of M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/ W-100022) as Statutory Auditors of the Company.		
SPECIAL BUSINESS			
5	Ratification for the Payment of the Remuneration to Mr. Suresh D Shenoy, Cost Accountant (Membership No. 8318), as Cost Auditor of the Company.		
6	Approval for maintenance of the Register of Members at a place other than Registered Office of the Company.		
7	Approval for increase in remuneration of Mr. Basudeo N. Singh, Executive Chairman of the Company.		

Signed this..... day of..... 2016

Affix Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the "For" or "Against" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Notes

Notes

Corporate Information

Board of Directors

Mr. Samprada Singh
Chairman Emeritus

Mr. Basudeo N. Singh
Executive Chairman

Mr. Dhananjay Kumar Singh
Joint Managing Director

Mr. Sandeep Singh
Joint Managing Director

Mr. Balmiki Prasad Singh
Executive Director

Mr. Mritunjay Kumar Singh
Executive Director

Mr. Mangaldas Chhaganlal Shah
Independent Director

Mr. Akhouri Maheshwar Prasad
Independent Director

Mr. Ranjal Laxmana Shenoy
Independent Director

Mr. Arun Kumar Purwar
Independent Director

Ms. Sangeeta Singh
Independent Director

Ms. Sudha Ravi
Independent Director

Chief Executive Officer

Mr. Prabhat Agrawal

Chief Financial Officer

Mr. Rajesh Dubey

Senior Vice President – Legal, Company Secretary and Compliance Officer

Mr. Manish Narang

Auditors

M/s BSR & Co. LLP

Bankers

Citibank N. A.
HDFC Bank Limited
Housing Development Finance Corporation Limited
HSBC Bank Limited
Kotak Mahindra Bank Limited
The Saraswat Co-op Bank Limited
State Bank of India
The Bank of Nova Scotia
YES Bank Limited
DBS Bank Limited

Registered Office

Alkem House, Senapati Bapat Marg, Lower Parel,
Mumbai 400 013, Maharashtra, India
CIN: U00305MH1973PLC174201
Telephone: 022-3982 9999
Website: www.alkemlabs.com
email: investors@alkem.com

Registrar & Share Transfer Agents

M/s Link Intime India Private Limited
Unit: Alkem Laboratories Limited
C- 13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078
Tel: +91 22 6171 5400
Fax: +91 22 2596 0329
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Plants

1. Kachigam, Daman, India.
2. Dabhel, Daman, India.
3. Mandva, Gujarat, India.
4. Ankleshwar, Gujarat, India.
5. Baddi, Himachal Pradesh, India.
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