

Independent Auditor's Report

To the Members of Alembic Pharmaceuticals Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of ALEMBIC PHARMACEUTICALS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 31st March, 2018 and its profit, total comprehensive income and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to 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, as amended, 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 (net of provision made) in its financial statements Refer note no 26 (2) (ii).
 - 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 that were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **K. S. AIYAR & Co.**
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Annexure A

Re: Alembic Pharmaceuticals Limited.

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management during the year as per the phased programme of physical verification of fixed assets. As informed to us the programme is such that all the fixed assets will get physically verified once in three year time. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company except for Land having book value of ₹1.88 Crores still being held in the names erstwhile demerged companies.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore the requirements of sub-clause (a), (b) and (c) of clause (iii) are not applicable to the Company.
- (iv) In respect of loans, investments, guarantees, and security provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits during the year. Therefore the question of complying with directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise.
- (vi) The Central Government has specified the maintenance of cost records under Sub-section (1) of Section 148 of the Companies Act, 2013. Such accounts and records have been made and maintained by the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax (GST), cess and any other statutory dues to the appropriate authorities. There were no undisputed amounts payable in respect of these dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (b) Dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax (GST) that have not been deposited on account of any dispute are as under:

Nature of dues	Amount not deposited (₹ in Crores)	Forum where dispute is pending	Period
Sales Tax, interest and penalty	0.13	High Court	1999-2000
	1.64	Asst. Commissioner Demand	2003-2004
	@	Additional Commissioner	2004-2005
	0.02	Revisional Board (Tribunal)	2006-2007
	0.21	Jt. Commissioner Appeals	2013-2014
	0.08	Jt. Commissioner Appeals	2006-2007
	0.08	Tribunal	2009-2010
	0.02	Additional Commissioner	1 st April, 2006 to 30 th Nov, 2008
	0.15	Additional Commissioner	2007-2008

Nature of dues	Amount not deposited (₹ in Crores)	Forum where dispute is pending	Period
Central Sales Tax	0.11	Deputy Commissioner II	2006-2007
	0.02	Addl. Commissioner Sales Tax	1 st April, 2006 to 30 th Nov, 2008
	0.01	Jt. Commissioner Appeals	2006-2007
	0.03	Jt. Commissioner Appeals	2010-2011
Entry Tax	0.03	Revisional Authority	2013-2014
Professional Tax	0.05	Jt. Commissioner	2014-2015
Excise duty, interest & penalty	2.14	CESTAT	2005-2006
	0.10	CESTAT	2011-2012
	@@	Remand Back	2007-2008
	0.02	CESTAT	1998-1999
	#	Commissioner Appeal	2009-2010
	0.50	Supreme Court	2005-2006
	1.21	Supreme Court	2005-2006
	# #	CESTAT	2008-2009
	0.01	CESTAT	2010-2011
	1.02	CESTAT	2006-2011
	0.24	Commissioner Appeals	2013-2014
	\$	CESTAT	2011-2012
	0.04	Commissioner Appeals	2013-2014
	0.03	CESTAT	2012-2013
	\$\$	Commissioner Appeals	2011-2012
	0.01	Commissioner Appeals	2006-2011
	0.28	CESTAT	2015-2016
	0.03	CESTAT	2014-2015
	0.04	CESTAT	2014-2015
	^	CESTAT	2012-2014
^^	Commissioner (Appeals)	2008-2009	
*	Commissioner (Appeals)	2009	
**	Commissioner (Appeals)	2009-2010	
+	Commissioner (Appeals)	2007-2008	
0.22	CESTAT	2015-2016	

@ ₹ 44,830/- @@ ₹ 16,091/- # ₹ 35,000/- ## ₹ 55,306/- \$ ₹ 56,760/- \$\$ ₹ 13,588 ^ ₹ 35,963/- ^^ ₹ 25,153/-
* ₹ 25,183/- ** ₹ 47,936/- + ₹ 11,316/-

- (viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loan raised during the year have been applied for the purpose for which they were raised.
- (x) Any fraud by the Company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.
- (xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and therefore the compliance requirements relevant to a Nidhi Company are not applicable.
- (xiii) All transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore the compliance of the requirement of Section 42 of the Companies Act, 2013 are not applicable.
- (xv) Pursuant to the provisions of Section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him/her.
- (xvi) The Company is not required to be registered under Section 45-1(A) of the Reserve Bank of India Act, 1934.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Annexure B

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

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

We have audited the internal financial controls over financial reporting of ALEMBIC PHARMACEUTICALS LIMITED ("the Company") as of 31st March, 2018 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 prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained 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 were operating effectively as at 31st March, 2018 , based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Balance Sheet

As at 31st March, 2018

Particulars	Notes	₹ in Crores	
		As at 31 st March, 2018	As at 31 st March, 2017
I. Assets			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	3	918.30	799.01
(b) Capital Work-in-Progress		740.64	347.75
(c) Financial Assets			
(i) Investments	4	298.89	103.04
(d) Other Non-Current Assets - Capital Advance		44.37	36.53
(2) Current Assets			
(a) Inventories	5	669.93	574.62
(b) Financial Assets			
(i) Trade Receivables	6	621.66	467.41
(ii) Cash and Cash Equivalents	7	9.45	0.69
(iii) Bank balances other than cash and cash equivalents	8	6.18	6.52
(iv) Others Financial Assets	9	29.81	13.66
(c) Current Tax Assets (Net)		1.95	-
(d) Other Current Assets	10	336.71	159.90
Total Assets		3,677.89	2,509.13
II Equity and Liabilities			
Equity			
(a) Equity Share Capital	11	37.70	37.70
(b) Other Equity	12	2,156.93	1,829.62
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	500.00	-
(b) Provisions	14	61.33	57.22
(c) Deferred Tax Liabilities (Net)	15	44.64	43.78
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	121.53	8.28
(ii) Trade Payables	17	601.98	430.11
(iii) Other Financial Liabilities	18	19.46	15.82
(b) Other Current Liabilities	19	120.82	64.53
(c) Provisions	20	13.50	12.29
(d) Current Tax Liabilities (Net)		-	9.78
Total Equity and Liabilities		3,677.89	2,509.13

See accompanying notes 1 to 26 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Rajesh S. Joshi
Partner
Membership No. 38526
Vadodara: 16th May, 2018

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary
Vadodara: 16th May, 2018

Statement of Profit and Loss

For the year ended 31st March, 2018

Particulars	Notes	₹ in Crores	
		For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
I Revenue from Operations	21	2,945.26	2,985.90
II Other Income	22	6.67	2.60
III Total Income		2,951.93	2,988.50
IV Expenses			
Cost of Materials Consumed	23	725.75	703.87
Purchase of Stock-in-Trade		203.16	230.31
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	23	(36.18)	(47.90)
Employee Benefits Expense	24	582.72	527.46
Finance costs		2.22	3.21
Depreciation and amortization expense	3	101.76	82.90
Other Expenses	25	837.27	938.93
Total Expense (IV)		2,416.71	2,438.79
V Profit Before Tax (III-IV)		535.22	549.71
VI Tax Expense			
(i) Current Tax		114.33	119.08
(ii) Short/Excess Tax Provision		(1.10)	-
VII Profit after Tax (V-VI)		421.99	430.63
VIII Other Comprehensive Income			
(i) Items that will not be reclassified to Statement of Profit and Loss			
(a) Re-measurements of post-employment benefit obligations		(3.89)	(2.71)
(b) Income tax relating to Re-measurements of post-employment benefit obligations		0.83	0.58
Total Other Comprehensive Income (VIII)		(3.06)	(2.13)
IX Total Comprehensive Income for the year (VII + VIII)		418.93	428.50
X Earnings per equity share (FV ₹ 2/- per share)		22.38	22.84
Basic & Diluted (in ₹)	26-1		

See accompanying notes 1 to 26 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

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Vadodara: 16th May, 2018

Cash Flow Statement

For the year ended 31st March, 2018

Particulars	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
A Cash Flow from Operating Activities:		
Net Profit before tax	535.22	549.71
Adjustments for:		
Depreciation and Amortisation	101.76	82.90
Interest charged	2.22	3.21
Interest Income	(0.61)	(0.97)
Dividend Income	(0.17)	(0.19)
Net unrealised foreign exchange gain	(15.62)	-
Provision for doubtful trade receivables	(4.99)	-
Investment write off	4.13	-
(Profit) on sale of Asset	(4.82)	(0.07)
Operating Profit before change in working capital	617.14	634.58
Working capital changes:		
(Increase) In Inventories	(95.30)	(40.91)
(Increase) In Trade Receivables	(145.86)	(94.56)
(Increase) In Other Assets	(180.77)	(38.89)
Increase / (Decrease) In Trade Payables	172.12	(33.94)
Increase / (Decrease) In Other Liabilities	59.93	(12.98)
Increase / (Decrease) In Provisions	1.42	31.84
Cash generated from operations	428.68	445.14
Direct taxes paid (Net of refunds)	(124.13)	(117.98)
Net Cash inflow from Operating Activities (A)	304.55	327.16
B Cash Flow from Investing Activities:		
Proceeds from sale of Asset	14.40	6.54
Interest received	0.61	0.97
Dividend received	0.17	0.19
Purchase of PPE and Capital Advance	(608.76)	(453.09)
Purchase of Investments	(200.00)	(65.58)
Net Cash inflow from Investing Activities (B)	(793.58)	(510.97)

Cash Flow Statement

For the year ended 31st March, 2018

Particulars	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
C Cash Flow from Financing Activities:		
Proceeds from short-term borrowings	613.04	(0.48)
Increase/ (decrease) in Restricted Bank Balances other than Cash & Cash Equivalents	0.35	(2.27)
Dividends paid (including distribution tax)	(90.76)	(90.10)
Interest and other finance costs	(24.84)	(3.21)
Net Cash inflow / (outflow) from Financing Activities (C)	497.80	(96.06)
I. Net (decrease)/increase in cash and cash equivalents (A+B+C)	8.76	(279.87)
II. Cash and cash equivalents at the beginning of the Year	0.69	280.56
III. Cash and cash equivalents at the end of the Year (I+II)	9.45	0.69
IV. Cash and cash equivalents at the end of the Year		
Balances with Banks	9.13	0.53
Cash on hand	0.32	0.16
Cash and cash equivalents (Refer note 7)	9.45	0.69

As per our report of even date

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Vadodara: 16th May, 2018

Vadodara: 16th May, 2018

Statement of Changes in Equity

For the year ended 31st March, 2018

Particulars	No of Shares	₹ in Crores
A. Equity Share Capital		
Equity shares of ₹ 2/- each issued, subscribed and fully paid		
Balance at 1st April, 2016		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
Balance at 31st March, 2017	18,85,15,914	37.70
Balance at 1st April, 2017		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
Balance at 31st March, 2018	18,85,15,914	37.70

Particulars	Reserve & Surplus			₹ in Crores
	Capital Reserve	General Reserve	Retained Earnings	Total
B. Other Equity				
Balance at 1st April, 2016 (I)	0.30	838.89	653.84	1,493.03
Other Comprehensive Income	-	-	(2.13)*	(2.13)
Profit for the period	-	-	430.63	430.63
Total Comprehensive Income for the year (II)	-	-	428.50	428.50
Dividends paid including Tax on Dividend	-	-	(90.76)	(90.76)
Reversal of Deferred Tax Asset on account of Intangible asset Pursuant to the order of Hon'ble Gujarat High Court	-	(1.15)	-	(1.15)
Amount Transfer from Retained Earnings to General Reserve	-	300.00	(300.00)	-
Transaction for the year (III)	-	298.85	(390.76)	(91.91)
Balance at 31st March, 2017 (I+II+III)	0.30	1,137.74	691.58	1,829.62
Balance at 1st April, 2017 (I)	0.30	1,137.74	691.58	1,829.62
Other Comprehensive Income	-	-	(3.06)*	(3.06)
Profit for the period	-	-	421.99	421.99
Total Comprehensive Income for the year (II)	-	-	418.93	418.93
Dividends paid including Tax on Dividend	-	-	(90.76)	(90.76)
Reversal of Deferred Tax Asset on account of Intangible asset Pursuant to the order of Hon'ble Gujarat High Court	-	(0.87)	-	(0.87)
Amount Transfer from Retained Earnings to General Reserve	-	100.00	(100.00)	-
Transaction for the year (III)	-	99.13	(190.76)	(91.62)
Balance at 31st March, 2018 (I+II+III)	0.30	1,236.88	919.76	2,156.93

* Represents Re-measurement of Defined Plans.

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

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Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary
Vadodara: 16th May, 2018

Notes to the Financial Statements

As at 31st March, 2018

Company Overview and Significant Accounting Policies

1 General information

Alembic Pharmaceuticals Limited is principally engaged in the manufacturing and selling of Pharmaceuticals products i.e. Active Pharmaceutical Ingredients and Formulations. The Company is the public limited Company domiciled in India and is incorporated under the provision of the Companies Act applicable in India. Its shares are listed on the two recognised Stock Exchanges in India. The registered office of the Company is located at Alembic Road, Vadodara – 390 003, India.

The Financial Statements are approved by the Company's Board of Directors on 16th May, 2018

2 Significant Accounting Policies

2.01 Statement of compliance

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended 31st March, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended 31st March, 2017"

2.02 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company's Financial Statements for the year ended 31st March, 2018 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

The Company has consistently applied accounting policies to all periods presented in these financial statements.

2.03 Basis of Measurement

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are

measured at fair value, viz derivatives, employee benefit plan assets.

Functional and Presentation Currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

2.04 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any change in these estimates and assumptions will generally be reflected in the financial statements in current period or prospectively, unless they are required to be treated retrospectively under relevant accounting standards.

2.05 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price net of eligible input credit, and any attributable cost of bringing the assets to its working condition for its intended use, including the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the net realisable value less cost to sell.

The company has adopted, "Cost Model" for accounting of its Property Plant and Equipment.

2.06 Capital Work-In-Progress

Projects under construction wherein assets are not ready for use in the manner as intended by the management are shown as Capital Work-In-Progress.

Notes to the Financial Statements

As at 31st March, 2018

2.07 Intangible Assets

Intangible assets are stated at cost less provisions for amortisation and impairments. Software licenses fees are charged to statement of profit and loss when incurred.

2.08 Intangible Assets under development

Intangible assets consisting of development expenditure of certain products are amortised on straight line method from the date they are available for use, over the useful life of the assets (5-20 years), as estimated by the Management.

2.09 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss

2.10 Borrowing Cost

Borrowing costs attributable to the acquisition and/or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred.

2.11 Inventories

All Inventories are valued at the lower of cost and net realisable value.

Raw materials, Stores and Spares & Packing Material are valued at lower of cost determined on weighted average basis and net realisable value.

Work in process is valued at lower of cost and net realisable value.

Finished Goods are valued at lower of cost and net realisable value.

Traded Goods are valued at lower of purchase price and net realisable value.

2.12 Trade receivables

Trade receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account

ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the Statement of Profit and Loss

2.13 Financial Instruments

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

a. Financial Assets

(i) Initial recognition and measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way trade of financial assets are accounted for at trade date.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- **Financial assets at amortised cost:**
A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, debt instruments are subsequently measured at amortised cost using the effective interest rate method, less impairment, if any.
- **Financial assets at fair value through other comprehensive income**
A financial asset is subsequently measured at fair value through other comprehensive income if

Notes to the Financial Statements

As at 31st March, 2018

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss.

De-recognition:

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind. AS 109.

- **Investments in subsidiaries and associates**

The Company has elected to recognise its investments in subsidiaries and associates at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

b. Financial Liabilities

(i) Initial recognition and measurement

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities are classified, at initial recognition, at fair value through profit and loss or as those measured at amortised cost.

(ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit and loss.

- **Financial liabilities measured at amortised cost**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method except for those designated in an effective hedging relationship.

De-recognition

A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

c. Derivative Financial Instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank and these are not designated as hedges under Ind AS 109, Financial Instruments.

Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial

Notes to the Financial Statements

As at 31st March, 2018

asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

2.14 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.15 Operating cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.16 Revenue Recognition

The Company recognises revenue in accordance with Ind AS 18. Revenue from the sale of goods is recognised when (a) It is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. (b) The significant risks and rewards of ownership of the goods have been passed to the buyer; and (c) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue represents net invoice value after the deduction of discounts and allowances given and accruals for estimated future rebates, including for Expiry Breakage and Spoilage (EBS) and returns. The methodology and assumptions used to estimate the allowances and accruals are monitored and adjusted regularly in the light of contractual and

legal obligations, historical trends, past experience. Revenue is disclosed inclusive of excise duty but net of sales return, Good and Service Tax, service tax, value added tax and CST.

Income from operations includes revenue earned, as per the terms agreed with the customers, from development of products and assignment of patent rights.

Export benefits available under prevalent schemes are accounted to the extent considered receivable.

2.17 Research and Development Expense

All revenue expenses related to research and development including expenses in relation to development of product/processes and expenses incurred in relation to compliances with international regulatory authorities in obtaining of Abbreviated New Drug Applications (ANDA) and Drug Master Files (DMF) are charged to the statement of profit and loss in the year in which it is incurred

Development expenditure of certain nature is capitalised when the criteria for recognising an intangible asset are met, usually when a regulatory filing is intended to be made in a major market and approval is considered highly probable.

2.18 Employee benefits

a. Defined Benefit Obligation Plans

(i) Gratuity

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund by the Life Insurance Corporation of India (LIC) and HDFC Standard Life Insurance. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The service cost and the net interest cost would be charged to the Statement of Profit and Loss. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation. The Company recognizes these re-measurements in the Other Comprehensive Income (OCI).

Notes to the Financial Statements

As at 31st March, 2018

(ii) Provident Fund

The Company's contribution to provident fund, administered through a Company managed trust, is recognised as an expense in the Statement of Profit and Loss.

(iii) Leave Liability

The Company has a policy to allow accumulation of leave by employees up to certain days. The excess leave will either be encased or funded by the Company to LIC for and on behalf of employees. Accordingly, the excess leave liability is discharged by the Company upon such funding to LIC. Remaining accumulated leave liability (other than sick leave) as at the year end is provided as per actuarial valuation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises actuarial gains and losses that arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation, in other comprehensive income.

(iv) Sick Leave

Accumulated sick leave is provided for at actual in the Statement of Profit and Loss.

b. Defined Contribution plans

Superannuation fund is administered by the HDFC Standard Life Insurance Company Ltd. and ICICI Prudential Life Insurance Company Ltd. The contribution to Superannuation fund, Contribution to pension fund, ESIC and Labour Welfare Fund are recognised as an expense in the statement of profit and loss.

2.19 Depreciation / Amortisation

Depreciation is calculated on a straight-line basis as per the specified life of the assets as

provided in schedule II to the Companies Act, 2013.

Class of Assets- Tangible	Range of useful life
Building	05 - 60 Years
Plant & Equipment	03 - 22 Years
Furniture & Fixtures	10 Years
Vehicles	08 - 10 Years
Office Equipment	5 Years

Class of Assets- Intangible	Range of useful life
Goodwill	10 Years
Other Intangible Asset	8 Years

The management, based on internal technical evaluation, believes that the useful lives as given above best represent the period over which the assets are expected to be used.

The useful lives for certain assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013, and the same is considered in the above range of useful life. Leasehold Land is amortized over the period of lease.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Depreciation on PPE added during the year is provided on pro rata basis from the month of addition. Depreciation on PPE disposed off/ discarded during the year is provided up to the preceding month of disposal/discarding.

Impairment

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where

Notes to the Financial Statements

As at 31st March, 2018

the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately

2.20 Leases

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Finance leases pertaining to certain land are capitalised at the commencement of the lease at fair value.

2.21 Foreign Exchange Transactions

Transactions in foreign currencies are initially recorded by the Company at the rate of exchange prevailing on the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies remaining unsettled at the end of the year are converted at the exchange rate prevailing on the reporting date. Differences arising on settlement or conversion of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. In respect of forward cover contracts for future probable transactions, the mark to market loss as at the reporting date is charged to Statement of Profit and Loss. In respect of options contracts to mitigate the probable foreign exchange fluctuation risk, the options contracts are fair valued and the resultant variation as at the reporting date is charged to Statement of Profit and Loss

2.22 Taxes:

a. Current income tax

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted on the reporting date. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b. Deferred tax

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The benefit of credit against the payment made towards Minimum Alternate Tax for the earlier years is available in accordance with the provisions of the Section 115J (AA) of income tax act 1961 over the period of subsequent 15 assessment year and it is recognised to the extent of deferred tax liability in view of the certainty involved of its realisation against reversal of deferred tax liability.

Notes to the Financial Statements

As at 31st March, 2018

2.23 Provisions, Contingent Liabilities and Contingent Assets

a. Provisions

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

b. Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

c. Contingent Assets

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements.

2.24 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Notes to the Financial Statements

As at 31st March, 2018

3. Property, Plant and Equipment

									₹ in Crores
Property, Plant and Equipment	Free Hold Land	Lease Hold Land	Buildings	Plant & Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross carrying amount									
Carrying Amount as at 1 st April 2016	1.92	19.35	233.50	399.86	82.49	7.79	21.25	2.70	768.87
Additions / Adjustments	-	0.14	32.46	111.05	43.18	2.77	0.54	0.99	191.13
Disposals / Adjustments	-	-	-	(0.44)	(0.10)	(0.01)	(10.70)	(0.10)	(11.35)
Closing Gross Carrying Amount	1.92	19.49	265.96	510.47	125.57	10.55	11.08	3.59	948.65
Accumulated Depreciation									
Depreciation charge during the year	-	0.22	12.21	44.05	7.34	0.79	6.40	0.60	71.61
Disposals	-	-	-	(0.10)	-	-	(4.68)	(0.10)	(4.88)
Closing Accumulated Depreciation	-	0.51	24.09	99.61	18.67	1.80	3.75	1.20	149.63
Net Carrying Amount as at 1 st April, 2016	1.92	19.13	221.30	355.81	75.15	7.00	14.84	2.10	697.25
Net Carrying Amount as at 31st March, 2017	1.92	18.98	241.88	410.87	106.90	8.75	7.33	2.39	799.01
Gross carrying amount									
Carrying Amount as at 1 st April 2017	1.92	19.49	265.96	510.47	125.57	10.55	11.08	3.59	948.65
Additions/ Adjustments	50.07	-	23.52	76.99	70.09	5.91	1.07	2.91	230.56
Disposals/Adjustments	-	(0.90)	(8.87)	(5.80)	(0.50)	(0.13)	(0.03)	(0.38)	(16.60)
Closing Gross Carrying Amount	51.99	18.58	280.61	581.67	195.15	16.33	12.13	6.13	1,162.61
Accumulated Depreciation									
As at 1 st April, 2017	-	0.51	24.09	99.61	18.67	1.80	3.75	1.20	149.63
Depreciation charge during the year	-	10.20	12.20	61.25	14.67	1.13	1.47	0.84	101.76
Disposals	-	-	(4.40)	(2.30)	-	(0.08)	(0.01)	(0.29)	(7.08)
Closing Accumulated Depreciation	-	10.72	31.88	158.55	33.34	2.85	5.22	1.75	244.31
Net Carrying Amount as at 1 st April, 2017	1.92	18.98	241.88	410.87	106.90	8.75	7.33	2.39	799.01
Net Carrying Amount as at 31st March, 2018	51.99	7.87	248.73	423.12	161.82	13.48	6.91	4.37	918.30

Note:

- 1 The Company does not have any restrictions on the title of its property, plant and equipment.
- 2 Borrowing cost capitalised during the period amounting to ₹ 22.61 Crores (PY ₹2.37 Crores).
- 3 Sales proceeds are deducted from gross cost where cost is unascertainable.
4. Presentation had been made during the year (with corresponding restatement of comparative amounts) to continue carrying value of all its Property Plant & Equipment as per previous GAAP, as deemed cost as on date of transition, as per Ind AS.

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
4 Non-Current Financial Investment		
Investments in Equity Instruments-Unquoted		
Valued at Cost		
Investment in Wholly Owned Subsidiaries		
45,00,000 (PY: 45,00,000) equity shares of CHF1 each fully paid up in Alembic Global Holding SA	30.31	30.31
41,33,849 (PY: 41,33,849) equity shares of ₹10 each fully paid up in A G Research Pvt. Ltd	4.13	4.13
Investment written off	(4.13)	-
Investment in Subsidiary		
3,00,000 (PY: 3,00,000) equity shares of ₹10 each fully paid up in Aleor Dermaceuticals Limited	0.30	0.30
Investment in Associate		
10,00,000 (PY: 10,00,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd.	3.00	3.00
Valued at Fair value through Profit & Loss		
Nil (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.	-	0.02
Valued at Amortised Cost		
Investments in Preference Shares		
1% Cumulative Redeemable Non-Convertible Preference Shares 4,50,000 (PY: 4,50,000) of ₹10 each fully paid up in EICL (Redemption date 14 th December, 2031)	0.23	0.23
Investments in Debentures & Warrants of Subsidiary - Valued at Cost		
Secured Non-Convertible Debentures - Aleor Dermaceuticals Ltd CY 26,500 (PY: 6,500) of ₹ 1,00,000 each maturing on 14 th November, 2025	265.00	65.00
Debenture carrying coupon rate of 10% to be accrued only when subsidiary start making profit		
Warrants - Aleor Dermaceuticals Ltd 5,39,200 warrants of ₹ 1/- each	0.05	0.05
Aggregate amount of unquoted Investments	298.89	103.04

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
5 Inventories (Basis of Valuation - Refer Note 2.11)		
Raw Materials	186.21	134.14
Packing Materials	23.80	18.56
Work-in-Progress	51.92	30.72
Finished Goods	345.56	348.47
Traded Goods	46.66	38.09
Goods-in-Transit	9.32	-
Stores and Spares	6.46	4.65
	669.93	574.62

Note:

- (i) Inventories are hypothecated as security for borrowings
- (ii) During the year ended 31st March, 2018 the Company recorded inventory write-downs of ₹ 3.89 Crores (PY ₹ 3.16 Crores).

Notes to the Financial Statements

As at 31st March, 2018

	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
6 Trade Receivables		
(Unsecured, considered good, unless otherwise stated)		
Considered Good a	621.66	467.41
Considered Doubtful	1.96	7.82
Provision for Doubtful debts	(1.96)	(7.82)
b	-	-
(a+b)	621.66	467.41

Receivables are hypothecated as security for borrowings
Refer Note No 26(6)(i) for Related Party Receivables

	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
7 Cash and Cash Equivalents		
Balances with Banks	9.13	0.53
Cash on hand	0.32	0.16
	9.45	0.69

	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
8 Bank Balances Other than Cash and Cash Equivalents		
Earmarked Balance with Bank		
Unpaid Dividend Account	4.03	3.18
Margin Money Deposit Account	2.14	3.35
	6.18	6.52

	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
9 Others Financial Assets (Current)		
Security Deposits	17.63	13.66
Unrealised Foreign Exchange Gain	12.18	-
	29.81	13.66

Refer Note No. 26(6)(i) for Related Party Deposits

	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
10 Other Current Assets (Unsecured, considered good)		
Advance to Employees	6.11	4.55
Advance to Suppliers	51.69	35.62
Pre-paid Expense	11.18	5.59
Balances with Government Authorities	267.72	114.14
	336.71	159.90

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
11 Equity Share Capital		
Authorized		
20,00,00,000 - Equity shares of ₹ 2/- each	40.00	40.00
	40.00	40.00
Shares issued, subscribed and fully paid		
18,85,15,914 - Equity shares of ₹ 2/- each	37.70	37.70
	37.70	37.70

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2018		As at 31 st March, 2017	
	Numbers	₹ in Crores	Numbers	₹ in Crores
At the beginning of the year	18,85,15,914	37.70	18,85,15,914	37.70
Outstanding at the end of the year	18,85,15,914	37.70	18,85,15,914	37.70

The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital

The company is having only one class of shares i.e. Equity carrying a nominal value of ₹ 2/- per share. Every holder of the equity share of the Company is entitled to one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

The Company declares and pays dividend on the equity shares in Indian Rupees. Dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
	Numbers	% held	Numbers	% held
1 Alembic Limited	5,54,71,208	29.43%	5,50,00,000	29.18%
2 Shreno Limited	2,06,98,780	10.98%	2,06,98,780	10.98%
3 Nirayu Private Limited	4,93,36,655	26.17%	1,37,13,755	7.27%
4 Whitefield Chemtech Private Limited	-	-	1,82,85,230	9.70%
5 Sierra Investments Private Limited	-	-	1,73,37,670	9.20%

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
12 Other Equity		
(Refer statement of changes in equity for detailed movement in other equity balance)		
(a) Capital Reserve	0.30	0.30
(b) General Reserve	1,236.88	1,137.74
(c) Retained Earnings	919.76	691.58
Total Other Equity	2,156.93	1,829.62

Nature and purpose of each Reserve

Capital Reserve :- Capital Reserve is created on receipt of Government subsidy for setting up factory in backward area.

General Reserve :- The reserve is created by transfer of a portion of the net profit.

Notes to the Financial Statements

As at 31st March, 2018

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
13 Borrowings (Non-Current)		
Term Loan (Unsecured)		
From Bank	500.00	-
	500.00	-

Notes:

- (i) Term loan of ₹ 200 Crores : payable at the end of 30th Month from the date of first drawal (in January, 2020). Interest @ rate of six months T Bills plus spread of 87 bps.
- (ii) Term loan of ₹ 300 Crores : payable after 3 years from the date of disbursement. Subject to maximum up to 31st December, 2020. Interest @ rate of one year G-sec plus spread of 61 bps.

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
14 Provisions (Non-Current)		
Provision for Employee Benefits		
Gratuity	1.68	-
Leave benefits	17.85	15.42
Provision for Non-Saleable return of goods	41.79	41.79
	61.33	57.22

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
15 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation a	118.50	92.22
Deferred Tax Assets		
Provision for Doubtful debts	0.68	2.71
MAT Credit Entitlement	57.85	29.72
Intangible Asset	2.58	3.45
Others	12.75	12.57
b	73.86	48.45
(a-b)	44.64	43.78

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
16 Borrowings (Current)		
From Banks		
Working Capital Demand Loan		
Secured	46.53	8.28
First charged on Pari-Passu basis by hypothecation of Inventory and Trade Receivables at varying rates repayable on demand		
Unsecured	75.00	-
Working capital demand loan, Interest @ rate of 7.85%		
	121.53	8.28

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
17 Trade Payables		
Due to Micro and Small Enterprises (Refer Note No. 26 (3))	0.20	1.15
Others	601.78	428.96
	601.98	430.11

Refer Note No. 26(6)(i) for Related Party Payables.

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
18 Other Financial Liabilities		
Interest accrued but not due on borrowings	2.79	-
Unpaid dividends	4.03	3.18
Trade Deposits	12.58	12.57
Unpaid / Unclaimed matured deposits and interest accrued thereon	0.06	0.07
	19.46	15.82

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
19 Other Current Liabilities		
Statutory payable	68.21	18.89
Advance from Customers	9.47	1.35
Others	43.14	44.29
	120.81	64.53

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
20 Provisions (Current)		
Provision for Employee Benefits		
Gratuity	6.73	5.98
Leave benefits	6.76	6.32
	13.50	12.29

Notes to the Financial Statements

As at 31st March, 2018

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
21 Revenue from Operations		
Sale of products		
- Domestic*	1,370.24	1,318.07
- Exports	1,481.54	1,593.14
	2,851.78	2,911.21
- Export Incentives	69.73	53.43
- Royalty	18.68	17.97
- Other Operating Revenues *	5.07	3.29
	2,945.26	2,985.90

* Revenue from operations for the period 2016-17 and for the period 1st April, 2017 to 30th June, 2017 are including excise duty, however for the period from 1st July 2017 to 31st March, 2018 is net of Goods and Service Tax (GST), Accordingly, revenue from operation are not comparable.

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
22 Other Income		
Dividend	0.17	0.19
Insurance Claims	0.82	1.21
Lease Rent Income (Refer note no. 26(17))	0.26	0.16
Profit on Sales of Assets (net)	4.82	0.07
Interest Income	0.61	0.97
	6.67	2.60

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
23 Cost of Material Consumed		
Inventory at the beginning of the year	152.70	106.44
Add : Purchases	783.06	750.13
	935.76	856.57
Less : Inventory at the end of the year	210.01	152.70
	725.75	703.87
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		
Work-in-Progress	51.92	30.72
Finished Goods	345.56	348.47
Stock-in-Trade	55.99	38.09
Inventory at the end of the year a	453.46	417.28
Work-in-Progress	30.72	24.26
Finished Goods	348.47	345.12
Stock-in-Trade	38.09	-
Inventory at the beginning of the year b	417.28	369.38
(b-a)	(36.18)	(47.90)

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
24 Employee Benefits Expense		
Salaries and Wages	552.32	496.96
Contribution to Provident and Other funds	16.73	18.72
Staff welfare expense	13.67	11.79
	582.72	527.46

₹ in Crores

	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
25 Other Expenses		
Consumption of Stores, Spares, Laboratory Material and Analytical Expense	151.87	131.04
Power and Fuel	70.21	64.13
Manufacturing and Labour Charges	17.94	29.55
Repairs and Maintenance		
Machinery	19.61	16.98
Buildings	7.05	9.43
Others	4.21	4.54
Freight and Forwarding Charges	51.27	37.31
Publicity Expense, Service Fees and Commission	222.29	261.53
Excise Duty	0.63	29.46
Rent (Refer Note No. 26 (17))	12.56	12.17
Rates and Taxes	5.61	8.74
Insurance	3.18	4.05
Travelling Expense	112.67	111.03
Communication Expenses	19.70	19.98
Legal & Professional Fees	76.65	108.24
Payment to Auditors (Refer Note No. 26 (7))	0.68	0.67
Exchange Difference (net)	(28.06)	4.48
Bad Debts written off	0.87	0.46
Less : Bad Debts Provision Utilised	(0.87)	(0.46)
Provision for Doubtful Debts	(4.99)	(0.22)
Expenses on CSR Activities (Refer Note No. 26 (11))	7.14	4.22
Donation (Refer Note No. 26(15))	6.07	0.02
Patent Filing & Registration Fees	38.50	18.52
External Research & Development	25.89	49.47
Investment written off	4.13	-
Miscellaneous Expenses	12.47	13.59
	837.27	938.93

Notes to the Financial Statements

As at 31st March, 2018

Particulars	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
26 Other explanatory Notes to the Stand alone Financial Statement		
1 Earning Per Share (EPS)		
(a) Profit after Tax available for equity shareholders (₹ in Crores)	421.99	430.63
(b) Weighted Average number of equity shares	18,85,15,914	18,85,15,914
(c) Basic and Diluted Earnings per share before exceptional Items in ₹ (Face value per share ₹2/- each)	22.38	22.84

Particulars	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
2 Contingent Liabilities and Commitments (To The Extent Not Provided For)		
i Estimated amount of contracts net of advances remaining to be executed on capital accounts	121.71	227.18
ii Contingent liabilities		
(a) Letter of credit, Bank Guarantees and Corporate Guarantees	183.52	157.94
(b) Liabilities Disputed in appeals		
Excise duty	5.93	5.99
Sales Tax	2.57	2.91
Income Tax	-	0.03
(c) Claims against the company not acknowledged as debt	0.02	0.37
(d) Non fulfilment of export obligation against advance licence	3.79	-
(e) Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import.	0.35	0.35

iii Contingent Asset

- (a) As per JV agreement, the interest on NCD issued by Aleor and subscribed by company will start accruing only when Aleor starts making cash profit. Since in pharma industry the gestation period is long and there is significant uncertainty as to when JV will start making profit, the fair value of such contingent asset is not ascertainable.
- (b) The company has made application to Department of Industrial Policy and Promotion for subsidy for setting new plant in Sikkim. The same is yet to be approved by the relevant authorities. Also large number of claims of various companies (who set up their plants much before ours) are pending. Hence, the quantification of fair value of such subsidy are unascertainable.

3 Disclosure required under Micro, Small and Medium Development Act, 2006

To the basis of confirmation obtained from the supplier who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company the following are the details.

Particulars	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	0.22	1.15
(b) The amount of interest paid by the buyer in terms of section 16 , along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(e) 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 Section 23	-	-
	0.22	1.15

Notes to the Financial Statements

As at 31st March, 2018

4 Segment Reporting

Segment information as required under Ind AS 108 - "Operating Segments" is given in the Consolidated financial statements of the Company

5 Defined benefit plans / compensated absences - As per actuarial valuation

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March, 2018

Particulars	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
i) Change in present value of defined benefit obligation		
Present Value of defined benefit obligation at the beginning of the year	32.31	23.48
Current service cost	5.66	4.88
Interest Cost	2.10	1.88
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	(0.55)	1.48
- Due to experience adjustments	3.03	2.84
Benefits paid	(2.78)	(2.24)
Present Value of defined benefit obligation at the end of the year	39.77	32.31
ii) Change in fair value of plan assets		
Fair Value of plan assets at the beginning of the year	27.37	21.99
Expenses deducted from the fund	-	(0.06)
Interest Income	1.95	1.70
Return on plan assets excluding amounts included in interest	(1.41)	1.60
Contributions paid by the employer	6.22	4.37
Benefits paid from the fund	(2.78)	(2.24)
Fair Value of plan assets at the end of the year	31.35	27.37
iii) Net asset / (liability) recognized in the Balance Sheet		
Present Value of defined benefit obligation at the end of the year	(39.77)	(32.31)
Fair Value of plan assets at the end of the year	31.35	27.37
Amount recognized in the balance sheet	(8.42)	(4.94)
iv) Expense recognized in the statement of profit and loss for the year		
Current service cost	5.66	4.88
Net interest cost	0.15	0.18
Total expenses included in employee benefit expenses	5.81	5.06
Expenses deducted from the fund	-	0.06
Total Charge to P&L	5.81	5.11
v) Recognized in Other Comprehensive Income for the year		
Actuarial changes arising from changes in financial assumptions	(0.55)	1.48
Actuarial changes arising from experience assumptions	3.03	2.84
Return on plan assets excluding amounts included in interest income	1.41	(1.60)
Recognized in other comprehensive income	3.89	2.71
vi) Actuarial Assumptions		
Rate of Discounting	7.40%	7.25%
Rate of Salary Increase	4.75%	4.75%
Mortality Rate During Employment	Indian Assured	Indian Assured

Notes to the Financial Statements

As at 31st March, 2018

Particulars	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
	Lives Mortality (2006-08)	Lives Mortality (2006-08)
vii) Sensitivity Analysis		
Delta Effect of +0.5% Change in Rate of Discounting	37.72	30.90
Delta Effect of -0.5% Change in Rate of Discounting	41.25	33.84
Delta Effect of +0.5% Change in Rate of Salary Increase	41.29	33.87
Delta Effect of -0.5% Change in Rate of Salary Increase	37.67	30.87
Delta Effect of +0.5% Change in Rate of Employee Turnover	39.96	32.84
Delta Effect of -0.5% Change in Rate of Employee Turnover	39.56	31.66

The following table sets out the non funded status of the Privilege Leave benefits and the amounts recognized in the Company's financial statements as at 31st March, 2018.

Particulars	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
i) Change in present value of defined benefit obligation		
Present Value of defined benefit obligation at the beginning of the year	16.36	10.16
Current service cost	2.42	1.68
Interest Cost	1.15	0.98
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	(0.37)	0.94
- Due to experience adjustments	7.21	4.40
Past service cost	-	1.37
Benefits paid	(7.63)	(3.17)
Present Value of defined benefit obligation at the end of the year	19.16	16.36
ii) Net asset / (liability) recognized in the Balance Sheet		
Amount recognized in the balance sheet	(19.16)	(16.36)
iii) Expense recognized in the statement of profit and loss for the year		
Current service cost	2.42	1.68
Past service cost and loss/(gain) on	-	1.37
Net interest cost	1.15	0.98
Net value of measurements on the obligation	6.85	5.34
Total Charge to P&L	10.42	9.37
iv) Actuarial Assumptions		
Rate of Discounting	7.40%	7.25%
Rate of Salary Increase	4.75%	4.75%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
v) Sensitivity Analysis		
Delta Effect of +0.5% Change in Rate of Discounting	18.13	15.45
Delta Effect of -0.5% Change in Rate of Discounting	20.29	17.35
Delta Effect of +0.5% Change in Rate of Salary Increase	20.31	17.37
Delta Effect of -0.5% Change in Rate of Salary Increase	18.10	15.43
Delta Effect of +0.5% Change in Rate of Employee Turnover	19.87	16.96
Delta Effect of -0.5% Change in Rate of Employee Turnover	18.33	15.65

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

Notes to the Financial Statements

As at 31st March, 2018

6 Disclosures in respect of Related Parties transactions

(a) Controlling Companies: There is no controlling Company

(b) Subsidiary and Fellow Subsidiary

- 1 Alembic Global Holding SA (Subsidiary of Alembic Pharmaceuticals Limited)
- 2 Alembic Pharmaceuticals Australia Pty Ltd. (Subsidiary of Alembic Global Holding SA)
- 3 Alembic Pharmaceuticals Europe Ltd. (Subsidiary of Alembic Global Holding SA)
- 4 Alnova Pharmaceuticals SA (Subsidiary of Alembic Global Holding SA)
- 5 Alembic Pharmaceuticals Inc (Subsidiary of Alembic Global Holding SA)
- 6 Alembic Pharmaceuticals Canada Ltd. (Subsidiary of Alembic Global Holding SA)
- 7 AG Research Private Limited (Subsidiary of Alembic Pharmaceuticals Limited)
- 8 Genius LLC (Subsidiary of Alembic Global Holding SA)
- 9 Orit Laboratories LLC (Subsidiary of Alembic Pharmaceuticals Inc)
- 10 Okner Realty LLC (Subsidiary of Alembic Pharmaceuticals Inc)
- 11 Aleor Dermaceuticals Limited (Subsidiary of Alembic Pharmaceuticals Limited)

(c) Associate Companies:

- 1 Incozen Therapeutics Pvt. Limited
- 2 Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)
- 3 Dahlia Therapeutics (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)
- 4 Rhizen Pharmaceuticals Inc (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)

(d) Joint Venture

- 1 Alembic Mami SPA, (Joint venture of Alembic Global Holding SA.)

(e) Other Related Parties

- | | |
|---|--|
| 1 Alembic Limited | 6 Sierra Investments Pvt. Limited (Up to 12 th December, 2017) |
| 2 Nirayu Pvt.Limited | 7 Viramya Packlight LLP (Formally Known as Viramya Packlight Ltd) |
| 3 Shreno Limited | 8 Shreno Publications Limited |
| 4 Paushak Limited | 9 Whitefield Chemtech Pvt. Limited (up to 12 th December, 2017) |
| 5 Quick Flight Limited
(up to 9 th May, 2017) | |

(f) Key Management Personnel

- | | |
|-------------------------|--|
| 1 Mr. Chirayu Amin | Chairman & CEO |
| 2 Mr. Pranav Amin | Managing Director |
| 3 Mr. Shaunak Amin | Managing Director |
| 4 Mr. R. K. Baheti | Director Finance & CFO |
| 5 Mr. K. G. Ramnathan | Non-Executive Independent Director |
| 6 Mr. Pranav Parikh | Non-Executive Independent Director |
| 7 Mr. Paresb Saraiya | Non-Executive Independent Director |
| 8 Mr. Milin Mehta | Non-Executive Independent Director |
| 9 Ms. Archana Hingorani | Non-Executive Independent Director |
| 10 Mr. Ajay Kumar Desai | Sr. Vice President - Finance & Company Secretary |

(g) Relatives of Key Management Personnel :

- 1 Mrs. Malika Amin
- 2 Mr. Udit Amin
- 3 Ms. Yera Amin
- 4 Ms. Jyoti Patel
- 5 Mrs. Ninochaka Kothari
- 6 Mrs. Shreya Mukherjee

Notes to the Financial Statements

As at 31st March, 2018**(h) Transactions with Related parties:**

During the year, the following transactions were carried out with related parties and relative of Key Management Personnel in the ordinary course of the business:

Particulars	₹ In Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
Subsidiary and Fellow Subsidiary		
i Sale of Goods/MEIS License (Net)	722.30	741.72
ii Investment	200.00	65.35
iii Corporate Guarantee Given	52.17	-
iv Withdrawal of Corporate Guarantee	46.28	-
v Reimbursement of expenses	0.01	1.16
vi Receiving of Services	3.70	-
vii Rendering of services	0.48	-
viii Rent Received	0.27	0.18
ix Guarantee Commission Received	0.16	0.55
x Deposit Received	-	0.06
xi Slump Sale	-	3.79
Associates		
i Sale of Goods/DEPB	5.97	6.37
ii Reimbursement of expenses	0.58	0.30
Joint Venture		
i Corporate Guarantee Given	13.69	10.00
ii Sale of Goods/DEPB	4.58	10.04
Key Management Personnel		
i Short Term Employment Benefits	28.07	20.64
ii Terminal Benefits	1.93	1.78
iii Commission	28.30	25.35
iv Sitting Fees	0.17	0.13
v Dividend Paid	2.62	2.62
Other Related Parties		
i Purchase of Goods/DEPB/IP Rights	74.10	73.04
ii Dividend Paid	50.01	50.01
iii Receiving of services	8.22	7.41
iv Rent Paid	6.80	5.67
v Purchase of Fixed Assets	3.73	2.93
vi Deposit Given	2.84	0.88
vii Sale of Goods/DEPB	2.48	3.38
viii Reimbursement of expenses	0.78	(0.91)

(i) Balance Outstanding as at the end of the year

Particulars	₹ In Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
Subsidiary and Fellow Subsidiary		
i Trade Receivable	396.86	252.84
ii Investments	265.35	65.35
iii Corporate Guarantee	91.56	53.09
iv Deposit Received	0.06	0.06
Associate Companies:		
i Trade Receivable	3.46	3.55

Notes to the Financial Statements

As at 31st March, 2018

₹ In Crores

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Joint Venture		
i Corporate Guarantee	32.59	18.81
ii Trade Receivable	0.24	4.52
Other Related Parties		
i Trade Payable	11.71	9.27
ii Trade Receivable	5.87	3.55
iii Deposit Given	12.41	9.57
Key Management personnel		
i Commission Payable	28.30	33.99

(j) Disclosure in respect of material transaction with related parties during the year.

₹ In Crores

Particulars	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
Purchase of Goods/DEPB/IP Rights		
i Alembic Limited	50.05	53.83
ii Sierra Investments Private Limited	10.92	16.48
iii Shreno Publication Limited	6.01	-
Sale of Goods/DEPB		
i Alembic Pharmaceuticals, Inc.	511.28	-
ii Alembic Global Holding SA	209.42	741.72
iii Rhizen Pharmaceutical SA	5.97	6.37
iv Alembic Limited	2.13	2.91
Purchase of Fixed Assets		
i Shreno Limited	3.73	2.87
Receiving of services		
i Alembic Limited	7.72	3.18
ii Shreno Limited	4.39	4.23
iii A G Research Pvt Ltd	3.70	-
Reimbursement of expenses		
i Alembic Limited	0.78	(0.91)
ii Rhizen Pharmaceutical SA	0.58	0.30
Rent Paid		
i Alembic Limited	6.18	5.14
Rent Received		
i Aleor Dermaceuticals Limited	0.27	0.18
Deposit Given		
i Alembic Limited	2.84	0.88
Corporate Gurantee Given		
i Alembic Pharmaceuticals Inc., USA	52.17	-
ii Alembic Mami SPA, Algeria	13.69	-
iii Shreno Ltd.	-	10.00
Withdrawal of Corporate Guarantee		
i Alembic Global Holding SA, Switzerland	46.28	-

Notes to the Financial Statements

As at 31st March, 2018

₹ In Crores

Particulars	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
Rendering of Services		
i Aleor Dermaceuticals Limited	0.48	-
Remuneration		
i Mr. Chirayu Amin	22.00	20.50
ii Mr. Pranav Amin	15.65	11.50
iii Mr. Shaunak Amin	15.66	11.50
Dividend Paid		
i Alembic Limited	22.00	22.00
ii Shreno Limited	8.28	7.35
iii Sierra Investments Pvt Limited	6.94	6.87
iv Nirayu Pvt Limited	5.49	6.49
v Whitefield Chemtech Pvt Limited	7.31	7.31
vi Mr. Chirayu Amin	1.81	1.81
vii Mr. Pranav Amin	0.40	0.40
viii Mr. Shaunak Amin	0.40	0.40

₹ in Crores

Particulars	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
7 Auditors Fees and Expenses:		
(a) Statutory Auditors		
As Auditors	0.28	0.28
In Other Capacity		
(i) Other Services		
Limited Review	0.29	0.29
Others	0.04	0.04
(ii) Reimbursement of expenses	0.02	0.01
(b) Cost Auditors		
Cost Audit Fees	0.02	0.02
(c) Tax Auditor		
Tax Audit Fee	0.02	0.02
(d) Secretarial Audit		
Secretarial Audit Fee	0.02	0.02

₹ in Crores

Particulars	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
8 Income Taxes		
(a) Income tax expense		
Current tax expense	114.33	119.08
Deferred Tax		
Decrease / (increase) in deferred tax assets	(26.27)	(25.89)
(Decrease) / increase in deferred tax liabilities	26.27	25.89
Total deferred tax expenses (benefit)	-	-
Total Income tax expenses *	114.33	119.08

* This excludes tax benefit on other comprehensive income of ₹ 0.83 Crores for 31st March, 2018 and ₹ 0.58 Crores for 31st March, 2017 respectively.

Notes to the Financial Statements

As at 31st March, 2018

₹ In Crores

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before Income tax expense	535.22	549.71
Tax at the Indian Tax Rate*	114.22	117.32
Dividend income	(0.04)	(0.04)
Expenditure related to exempt Income	0.02	0.00
Others (including deferred tax)	0.12	1.80
Income Tax Expense	114.33	119.08

* The company is covered under the provisions of MAT u/s 115JB and the applicable Indian tax rate for year ended 31st March, 2018 and 31st March, 2017 is 21.3416%.

₹ In Crores

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
c. Current tax (liabilities)/assets		
Opening balance	(9.78)	(9.26)
Income tax paid	124.13	117.98
Current income tax payable for the period / year	(113.50)	(118.50)
Written back of income tax provision of earlier years	1.10	-
Net current income tax asset/ (liability) at the end	1.95	(9.78)

- 9 Pre-operative expenses pending capitalisation included in Capital Work-In-Progress represent direct attributable expenditure for setting up of plants commencement of commercial operation. The detail of pre-operative expenses are:

₹ In Crores

For the year ended on	As at 31 st March, 2018	As at 31 st March, 2017
Opening Balance	24.21	-
Salaries, allowance and contribution to funds	35.72	18.45
Professional Fees	0.83	0.61
Travelling Expenses	2.49	0.88
Others	19.05	4.28
Closing balance	82.30	24.21

₹ in Crores

	As at 31 st March ,2018	As at 31 st March ,2017
10 Research and Development Expenses		
Material Consumption	68.16	83.38
Employees Benefit Expenses	99.13	75.76
Utilities	12.21	9.69
Depreciation	17.19	13.70
Others	192.27	195.91
Research and Development Expenses (included in Profit and Loss)	388.95	378.44

11 Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR Committee has been formed by the Company as per the Act. The company spent ₹ 7.14 Crores on various projects during the year refer Annexure - A (point no 5) included in the Board's Report.

Notes to the Financial Statements

As at 31st March, 2018

Category of Financial Instrument

₹ in Crores

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
12 Financial instruments						
Financial assets						
Investment in Equity instruments	-	-	-	0.02	-	-
Investment in Preference shares	-	-	0.23	-	-	0.23
Trade Receivables	-	-	621.66	-	-	467.41
Cash and cash equivalents	-	-	9.45	-	-	0.69
Bank balances other than Cash and Cash Equivalent	-	-	6.18	-	-	6.52
Derivatives not designated as Hedge	5.53	-	-	-	-	-
Others	-	-	24.28	-	-	13.66
Total	5.53	-	661.78	0.02	-	488.51
Financial liabilities						
Borrowings	-	-	621.53	-	-	8.28
Trade Payables	-	-	601.98	-	-	430.11
Other Financial liabilities	-	-	19.46	-	-	15.82
Derivatives not designated as Hedge	-	-	-	12.32	-	-
Total	-	-	1,242.97	12.32	-	454.20

Fair value measurement hierarchy

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	Level of input used in			Level of input used in		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investment in Equity instruments	-	-	-	-	-	0.02
Derivatives not designated as Hedge	-	5.53	-	-	12.32	-

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

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

In case of investment in equity instruments, cost has been considered as approximate fair value in view of materiality of value of investment.

13 Financial Risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk

i) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposit and other receivables.

Notes to the Financial Statements

As at 31st March, 2018

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer, default risk of the industry and country in which the customer operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has used expected credit loss model for assessing the impairment loss.

₹ In Crores

	As at 31 st March, 2018	As at 31 st March, 2017
Trade Receivables	621.66	467.41
Allowance for doubtful debts	1.96	7.82
Percentage	0.3%	1.7%

Reconciliation of loss allowance provision – Trade receivables

	₹ In Crores
Loss allowance on April 1, 2016	8.51
Changes in loss allowance	(0.69)
Loss allowance on March 31, 2017	7.82
Changes in loss allowance	(5.86)
Loss allowance on March 31, 2018	1.96

Cash and cash equivalents

As at the year end, the Company held cash and cash equivalents of ₹ 9.45 Crores (31st March, 2017 - ₹ 0.69 Crores). The cash and cash equivalents other bank balances and derivatives are held with bank with good credit rating.

Other financial assets

Other financial assets are neither past due nor impaired.

ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. The Company has sufficient unutilised fund and non fund based working capital credit limit duly sanctioned by various banks.

The company is rated by leading credit agency CRISIL, the rating "CRISIL A1+" and "AA+/Stable" has been assigned for short term and long term facility respectively, indicating high degree of sefty regarding timely payment and servicing of financial obligation.

Exposure to liquidity risk

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Non derivative						
Borrowings	121.53	500.00	621.53	8.28	-	8.28
Trade payables	601.98	0.00	601.98	430.11	-	430.11
Other financial liabilities	19.46	0.00	19.46	15.82	-	15.82
Derivative						
Forward / Options contracts	-	-	-	12.32	-	12.32

Notes to the Financial Statements

As at 31st March, 2018

iii) Market Risk

Currency Risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues, expenses and borrowings. The Company uses foreign exchange forward contracts and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its budgeted business transactions and recognized assets and liabilities. The Company enters into foreign currency options and forward contracts which are not intended for trading or speculative purposes but for hedge purposes.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	₹ In Crores			
As at 31 st March, 2018	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables (net)	452.96	26.41	16.75	496.12
Cash and cash equivalents	7.95	0.75	-	8.70
Financial liabilities				
Trade payables	56.09	2.05	1.15	59.29
Borrowing (PCFC)	32.59	-	-	32.59
As at 31st March, 2017				
Financial assets				
Trade receivables (net)	338.57	25.71	15.86	380.14
Financial liabilities				
Trade payables	55.09	9.95	1.93	66.97

Sensitivity analysis

For the years ended 31st March, 2018 and 31st March, 2017 every 5% weakening in the exchange rate between the Indian Rupee and the respective major currencies for the above mentioned financial assets/liabilities would increase Company's profit and equity by approximately ₹ 19.87 Crores and ₹ 14.96 Crores respectively. A 5% strengthening of the Indian Rupee and the respective major currencies would lead to an equal but opposite effect.

Interest Rate Risk and Exposure to Interest Rate Risk

The Company has loan facilities on floating interest rate, which exposes the company to risk of changes in interest rates.

For the years ended 31st March, 2018 and 31st March, 2017, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Company's loss by approximately ₹ 3.11 Crores and ₹ 0.04 Crores respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity Rate Risk

The Company's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies.

Other Risk

Since Company is significantly dealing in regulatory market, continuous compliance of all manufacturing facilities is pre requisite, any adverse action by regulatory authority of the Company's target market can adversely affect its operation.

Notes to the Financial Statements

As at 31st March, 2018

14 Capital Management

The Company's capital management objectives are:

- * to ensure the Company's ability to continue as a going concern; and
- * to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

Dividend on equity shares paid during the year

During the year ended 31st March, 2018 dividend of ₹ 4 per equity share was paid to the equity shareholders after the AGM approval. ₹ 75.41 Crores and corporate tax of ₹ 15.35 in relation to FY 2016-17

The Board of Directors has recommended dividend on Equity Shares at ₹ 4 per share i.e. 200% for the year ended on 31st March, 2018. Dividend Proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

- 15 Donation includes political contributions of ₹ 6 Crores to Bharatiya Janata Party.

16 Recent Accounting Pronouncements

On 28th March, 2018 Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The company will adopt the standard on 1st April, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended 31st March, 2018 will not be retrospectively adjusted. The effect on adoption of Ind As 115 on the operations of the company is being assessed by the company.

- 17 The Company has obtained certain premises for its business operations under operating lease or leave and license agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreeable terms.

Lease receipts / payments are recognised in the statement of profit and loss under "Lease Rent Income" and "Rent" in Note 22 and 25 respectively..

- 18 The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Rajesh S. Joshi
Partner
Membership No. 38526
Vadodara: 16th May, 2018

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary
Vadodara: 16th May, 2018

Independent Auditor's Report

To the Members of Alembic Pharmaceuticals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ALEMBIC PHARMACEUTICALS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 including other comprehensive income, consolidated cash flows and statement of changes in the equity of the Group and its Associates and Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 sub-paragraph (a) of 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 the other auditors on separate financial statements/financial information of the subsidiaries, associates and jointly controlled entity referred to below in the 'Other Matters' paragraph, 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

The financial statements of subsidiaries, associates and jointly controlled entity have been either audited by other auditors or were subjected to a limited review by other auditors, whose

reports have been furnished to us by the Management and our opinion and report in terms of Sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entity, is based solely on the reports of the other auditors.

- (a) We did not audit the financial statements / financial information of any of the eleven subsidiaries whose financial statements / financial information reflect total assets of ₹ 1019.29 Crores as at 31st March, 2018, total revenues of ₹ 906.82 Crores and net cash outflows amounting to ₹ 60.59 Crores for the year ended on that date, as considered in the consolidated financial statements.
- (b) The consolidated financial statements also include the Group's share of net loss of ₹ 8.09 Crores for the year ended 31st March, 2018 as considered in the consolidated financial statements, in respect of four associates and one jointly controlled entity whose financial statements / financial information has not been audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors as referred to in 'Other Matters' paragraph above we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated 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 (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Holding Company and its subsidiary companies incorporated in India and its associate company incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity– Refer Note 32(2)(ii) to the consolidated financial statements.
 - ii. The Group, its associates and jointly controlled entity did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and associate company incorporated in India.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Annexure A

to the Independent Auditor's Report

(Referred to in paragraph f under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of ALEMBIC PHARMACEUTICALS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled 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 of the Holding company, its subsidiary companies, its associate companies and jointly controlled 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint venture companies, which are companies incorporated in India, 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 of the Holding Company, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India.

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 and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the 'Other Matter' paragraph below, the Holding Company, its subsidiary companies, its associates and jointly controlled companies, which are 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 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 two subsidiary companies, one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For **K. S. AIYAR & Co.**
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Consolidated Balance Sheet

As at 31st March, 2018

Particulars	Notes	₹ in Crores	
		As at 31 st March, 2018	As at 31 st March, 2017
I. Assets			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	6	927.02	799.40
(b) Capital Work-In-Progress		910.76	369.28
(c) Goodwill	7	3.77	-
(d) Other Intangible Assets	7	62.59	-
(e) Intangible Assets under development		99.39	27.00
(f) Financial Assets			
(i) Investments	8	0.45	0.47
(ii) Investment accounted for using Equity Method	9	41.19	49.41
(iii) Other Financial Assets			
(g) Other Non-Current Assets	10	71.14	71.24
(2) Current Assets			
(a) Inventories	11	733.93	632.75
(b) Financial Assets			
(i) Trade Receivables	12	526.34	338.82
(ii) Cash and cash equivalents	13	83.74	153.08
(iii) Bank balances other than cash and cash equivalents	14	6.18	6.52
(iv) Others Financial Assets	15	29.97	14.10
(c) Current Tax Assets (Net)		3.45	-
(d) Other Current Assets	16	441.13	227.19
Total Assets		3,941.05	2,689.26
II Equity and Liabilities			
Equity			
(a) Equity Share capital	17	37.70	37.70
(b) Other Equity	18	2,182.44	1,864.63
Equity attributable to owners of the Company		2,220.14	1,902.33
Non-controlling interests		0.31	0.11
Total Equity		2,220.45	1,902.44
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	500.00	-
(b) Provisions	20	61.66	57.22
(c) Deferred Tax Liabilities (Net)	21	35.44	36.93
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	207.78	88.51
(ii) Trade Payables	23	759.32	500.73
(iii) Other Financial Liabilities	24	19.59	16.17
(b) Other Current Liabilities	25	123.29	65.11
(c) Provisions	26	13.51	12.36
(d) Current Tax Liabilities (Net)		-	9.79
Total Equity and Liabilities		3,941.05	2,689.26

See accompanying notes 1 to 32 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.

Chartered Accountants
Firm Registration No. 100186WChirayu Amin
Chairman & CEO
DIN No.: 00242549Pranav Amin
Managing Director
DIN No.: 00245099Shaunak Amin
Managing Director
DIN No.: 00245523K. G. Ramanathan
Director
DIN No.: 00243928Rajesh S. Joshi
Partner
Membership No. 38526Milin Mehta
Director
DIN No.: 01297508Archana Hingorani
Director
DIN No.: 00028037R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079Ajay Kumar Desai
Senior Vice President -
Finance & Company SecretaryVadodara: 16th May, 2018Vadodara: 16th May, 2018

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2018

Particulars	Notes	₹ in Crores	
		For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
I Revenue from Operations	27	3,130.81	3,134.61
II Other Income	28	7.03	2.02
III Total Income		3,137.84	3,136.63
IV Expenses			
Cost of Materials Consumed	29	725.75	703.87
Purchase of Stock-in-Trade		201.87	224.18
Changes in Inventories of Finished Goods, Stock-in-Trade and Work in Progress	29	(42.06)	(69.95)
Employee Benefits Expense	30	622.81	558.83
Finance costs		3.40	5.23
Depreciation and amortization expense	6	105.46	82.97
Other Expenses	31	979.34	1,102.40
Total Expense (IV)		2,596.57	2,607.54
V Profit Before Tax (III-IV)		541.27	529.09
VI Tax Expense			
(i) Current Tax		123.61	122.40
(ii) Deferred Tax		(2.16)	(0.21)
(iii) Short/Excess Tax Provision		(1.10)	0.00
VII Profit after Tax Before Share of Profit of Associate and Joint Ventures (V-VI)		420.91	406.90
VIII Share of Profit/(Loss) of an Associate and a Joint Venture		(8.09)	(3.83)
IX Profit for the period before Non controlling Interest(VII+VIII)		412.82	403.07
X Non- controlling Interest		(0.19)	0.09
XI Profit for the period attributable to Owners of the Company		412.63	403.16
XII Other Comprehensive Income			
A Items that will not be reclassified to Profit and Loss			
(i) Re-measurement of post-employment benefit obligations		(3.89)	(2.71)
(ii) Income tax relating to Re-measurement of post-employment benefit obligations		0.83	0.58
		(3.06)	(2.13)
B Items that will be reclassified to Profit or Loss			
(i) Exchange differences in translating the financial statements of a foreign operations		(0.14)	(2.54)
		(0.14)	(2.54)
Total Other Comprehensive Income (A+B)		(3.20)	(4.67)
XIII Total Comprehensive Income for the year (IX+XII)		409.63	398.41
Total Comprehensive Income for the year Attributable to:			
(i) Non- controlling Interest		0.19	(0.09)
(ii) Owners of the Company		409.43	398.50
XIV Earnings per equity share (FV ₹ 2/- per share)	32-1	21.89	21.39
Basic & Diluted (in ₹)			

See accompanying notes 1 to 32 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Rajesh S. Joshi
Partner
Membership No. 38526

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary

Vadodara: 16th May, 2018

Vadodara: 16th May, 2018

Consolidated Cash Flow Statement

For the year ended 31st March, 2018

Particulars	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
A Cash Flow from Operating Activities:		
Net Profit before tax	541.27	529.09
Depreciation	105.46	82.97
Interest charged	3.40	5.23
Interest Income	(0.62)	(1.03)
Dividend Income	(0.75)	(0.19)
Unrealised foreign exchange gain (net)	(15.62)	(5.29)
Provision / Write off for doubtful trade receivables	0.07	1.30
Loss/(Profit) on sale of Asset	(4.82)	0.07
Operating Profit before change in Working capital	628.39	612.16
Working capital changes:		
(Increase) In Inventories	(101.18)	(62.96)
(Increase) / Decrease In Trade Receivables	(184.18)	11.71
(Increase) In Other Assets	(217.64)	(51.07)
Increase / (Decrease) In Trade Payables	258.84	(87.57)
Increase / (Decrease) In Other Liabilities	61.60	(6.85)
Increase In Provisions	1.71	31.10
Cash generated from operations	447.53	446.53
Direct taxes paid (Net of refunds)	(135.11)	(117.96)
Net Cash inflow from Operating Activities (A)	312.42	328.55
B Cash Flow from Investing Activities:		
Proceeds from Sale of Assets	14.40	19.41
Interest received	0.62	1.03
Dividend received	0.75	0.19
Purchase of tangible assets & Capital Advance	(749.36)	(510.14)
Purchase of Investments (Net)	-	3.60
Intangible assets under development	(72.39)	-
Net cash outflow on acquisition of Subsidiary	(78.41)	-
Net Cash inflow from Investing Activities (B)	(884.38)	(485.91)

Cash Flow Statement

For the year ended 31st March, 2018

Particulars	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
C Cash Flow from Financing Activities:		
Proceeds from long-term borrowings	500.00	
Proceeds from short-term borrowings	119.05	-
Increase in Restricted Bank Balances other than Cash & Cash Equivalents	0.35	4.98
Repayment of long-term Borrowings	-	(4.65)
Repayment of Short-term Borrowings	-	(33.95)
Dividends paid (including distribution tax)	(90.76)	(90.10)
Interest and other finance costs	(26.02)	(5.16)
Net Cash inflow from Financing Activities (C)	502.63	(128.88)
I Net (decrease)/increase in cash and cash equivalents (A+B+C)	(69.34)	(286.24)
II. Cash and cash equivalents at the beginning of the Year	153.08	439.32
III. Cash and cash equivalents at the end of the Year (I+II)	83.74	153.08
IV. Cash and cash equivalents at the end of the Year		
Balances with Banks	83.41	152.91
Cash on hand	0.34	0.17
Cash and cash equivalents (Refer note 13)	83.74	153.08

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

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Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary
Vadodara: 16th May, 2018

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2018

Particulars	No of Shares	₹ in Crores
A. Equity Share Capital		
Equity shares of ₹ 2/- each issued, subscribed and fully paid		
Balance at 1st April, 2016		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year		
Balance at 31st March, 2017	18,85,15,914	37.70
Balance at 1st April, 2017		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year		
Balance at 31st March, 2018	18,85,15,914	37.70

Particulars	Reserve & Surplus				₹ in Crores
	Capital Reserve	General Reserve	Retained earnings	Foreign Currency Translation reserve	Total
B. Other Equity - Attributable to owners					
Balance at 1st April, 2016 (I)	0.30	839.13	707.91	10.70	1,558.04
Other Comprehensive Income			(2.13)*	(2.54)	(4.67)
Profit for the period			403.16		403.16
Total Comprehensive Income for the year (II)	-	-	401.03	(2.54)	398.50
Dividends paid including Tax on Dividend			(90.76)		(90.76)
Reversal of Deferred Tax Asset on account of Intangible asset Pursuant to the order of Hon'ble Gujarat High Court		(1.15)			(1.15)
Amount Transferred from Retained Earnings to General Reserve		300.00	(300.00)		-
Transaction for the year (III)	-	298.85	(390.76)	-	(91.91)
Balance at 31st March, 2017 (I+II+III)	0.30	1,137.98	718.18	8.16	1,864.63
Balance at 1st April, 2017 (I)	0.30	1,137.98	718.18	8.16	1,864.63
Other Comprehensive Income			(3.06)*	(0.14)	(3.20)
Profit for the period			412.63		412.63
Total Comprehensive Income for the year (II)	-	-	409.57	(0.14)	409.43
Dividends paid including Tax on Dividend			(90.76)		(90.76)
Reversal of Deferred Tax Asset on account of Intangible asset Pursuant to the order of Hon'ble Gujarat High Court		(0.87)			(0.87)
Amount Transfer from Retained Earnings to General Reserve		100.00	(100.00)		-
Transaction for the year (III)	-	99.13	(190.76)	-	(91.62)
Balance at 31st March, 2018 (I+II+III)	0.30	1,237.12	937.00	8.03	2,182.44

*Represents Re-measurement of Defined Plans.

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

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DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary
Vadodara: 16th May, 2018

Notes to the Consolidated Financial Statements

As at 31st March, 2018

1 General information

The Financial Statement of the subsidiaries, associates and Joint Venture used in the consolidation is drawn up to the same reporting date as that of the Alembic Pharmaceuticals Limited ("the Holding Company"), namely 31st March, 2018.

2 Significant accounting policies

Statement of compliance

The Group has prepared its consolidated financial statements for the year ended 31st March, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended 31st March, 2018.

Principles of Consolidation:

The Consolidated Financial Statements consist of Alembic Pharmaceuticals Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), associates and Joint Venture. The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating

intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Ind AS 27 – "Consolidated and Separate Financial Statements" specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules, 2015.

On consolidation, transactions are recorded by the Group at the rate of exchange prevailing on the date of transaction. All monetary assets and monetary liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

Investment and share of profit of associate and Joint Venture have been consolidated as per the equity method as per Ind AS 28 – "Investments in Associates" and Ind AS 111 - "Joint Arrangements" respectively specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules 2015.

The Group accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Group and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

3 Companies Included in Consolidation:

Name	Country of Incorporation	Nature	Proportion of Ownership Interest As on 31 st March, 2018
Alembic Global Holding SA (AGH SA)	Switzerland	Subsidiary	100% subsidiary of Alembic Pharmaceuticals Limited (APL)
AG Research Private Limited	India	Subsidiary	
Aleor Dermaceuticals Limited	India	Subsidiary	60% subsidiary of APL
Alembic Pharmaceuticals Australia Pty Ltd	Australia	Subsidiary	100% subsidiary of AGH SA
Alembic Pharmaceutical Inc.	U.S.A	Subsidiary	
Alembic Pharmaceuticals Europe Limited	Malta	Subsidiary	
Alnova Pharmaceuticals SA	Switzerland	Subsidiary	
Alembic Pharmaceuticals Canada Ltd	Canada	Subsidiary	
Genius LLC	Ukraine	Subsidiary	
Alembic Mami SPA	Algeria	Joint Venture	49% shareholding of AGH SA

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Name	Country Of Incorporation	Nature	Proportion Of Ownership Interest As On 31 st March, 2018
Rhizen Pharmaceuticals SA (RP SA)	Switzerland	Associate	40.3% shareholding of AGH SA
Incozen Therapeutics Pvt Limited	India	Associate	50% shareholding of APL
Dahlia Therapeutics SA	Switzerland	Subsidiary of Associate	100% subsidiary of RP SA
Rhizen Pharmaceuticals Inc	USA	Subsidiary of Associate	

4 Significant Accounting Policies:

The accounting policies of the Group and that of its subsidiaries, associates and Joint Venture are generally similar and as per generally accepted accounting principles in India please refer page no 69.

5 Translation of Accounts:

In Consolidated Financial Statements, the Financial Statements of subsidiary companies and proportionate share of associates and Joint Venture have been translated into INR as prescribed under Ind AS 21 the Effects of Changes in Foreign Exchange Rates specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules 2015.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

6. Property, Plant and Equipment

₹ in Crores

Property, Plant and Equipment	Free Hold Land	Lease Hold Land	Buildings	Plant & Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross Carrying amount									
Carrying Amount as at 1 st April 2016	1.92	19.35	233.50	409.86	82.49	8.84	21.25	2.84	780.05
Additions / Adjustment	-	0.14	32.46	113.53	43.18	2.77	0.54	0.99	193.62
Disposals / Adjustment	-	-	-	(11.96)	(0.10)	(0.67)	(10.70)	(0.16)	(23.59)
Closing Gross Carrying Amount	1.92	19.49	265.96	511.43	125.57	10.95	11.08	3.67	950.09
Accumulated Depreciation									
Depreciation charge during the year	-	0.22	12.21	44.35	7.34	0.82	6.40	0.62	71.96
Depreciation charge during the year	-	0.30	11.88	56.27	11.33	1.07	2.03	0.72	83.60
Disposals / Adjustment	-	-	-	(0.10)	-	-	(4.68)	(0.10)	(4.88)
Closing Accumulated Depreciation	-	0.51	24.09	100.52	18.67	1.90	3.75	1.25	150.69
Net Carrying Amount as at 1 st April, 2016	1.92	19.13	221.30	365.51	75.15	8.02	14.84	2.22	708.09
Net Carrying Amount as at 31st March, 2017	1.92	18.98	241.88	410.91	106.90	9.06	7.33	2.43	799.40
Gross Carrying amount									
Carrying Amount as at 1 st April, 2017	1.92	19.49	265.96	511.43	125.57	10.95	11.08	3.67	950.09
Additions / Adjustment	50.07	-	23.52	76.99	70.09	5.91	1.07	2.91	230.56
Acquisition of a subsidiary	8.48	-	-	0.03	-	-	-	-	8.51
Disposals / Adjustment	-	(0.90)	(8.87)	(5.80)	(0.50)	(0.13)	(0.03)	(0.38)	(16.60)
Closing Gross Carrying Amount	60.47	18.58	280.61	582.66	195.15	16.73	12.13	6.21	1,172.56
Accumulated Depreciation									
As at 1 st April, 2017	-	0.51	24.09	100.52	18.67	1.90	3.75	1.25	150.69
Depreciation charge during the year	0.10	10.20	12.20	61.27	14.67	1.16	1.47	0.85	101.93
Disposals / Adjustment	-	-	(4.40)	(2.30)	-	(0.08)	(0.01)	(0.29)	(7.08)
Closing Accumulated Depreciation	0.10	10.72	31.88	159.49	33.34	2.98	5.22	1.81	245.54
Net Carrying Amount as at 1 st April, 2017	1.92	18.98	241.88	410.91	106.90	9.06	7.33	2.43	799.40
Net Carrying Amount as at 31st March, 2018	60.37	7.87	248.73	423.17	161.82	13.75	6.91	4.40	927.02

Note:

- 1 During the year, the Company, through its wholly owned subsidiary Alembic Pharmaceuticals Inc., acquired USA based generic drug developer Orit Laboratories LLC along with Okner Realty LLC with effect from 1st November, 2017.
- 2 The Company does not have any restrictions on the title of its property, plant and equipment.
- 3 Borrowing cost capitalised during the period amounting to ₹ 22.61 Crores (PY ₹ 2.37 Crores)
- 4 Sales proceeds are deducted from gross cost where cost is unascertainable
- 5 Presentation had been made during the year (with corresponding restatement of comparative amounts) to continue carrying value of all its Property Plant & Equipment as per previous GAAP, as deemed cost as on date of transition, as per Ind AS.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	Goodwill		Other Intangible Assets	
	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2018	As at 31 st March, 2017
7 Goodwill and Other Intangible Assets				
Gross Carrying Amount	-	-	-	-
Acquisition of a subsidiary	3.94	-	65.95	-
Closing Gross Carrying Amount	3.94	-	65.95	-
Accumulated Amortisation	-	-	-	-
Amortisation expense	(0.17)	-	(3.37)	-
Closing Accumulated Depreciation	(0.17)	-	(3.37)	-
Net Carrying Amount	3.77	-	62.59	-

₹ in Crores

	As at	As at
	31 st March, 2018	31 st March, 2017
8 Non-Current Financial Investment		
Investments in Equity Instruments-Unquoted		
Valued at Fair value through Profit & Loss		
Nil (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.	-	0.02
Investments in Preference Shares		
Valued at Amortised cost		
1% Cumulative Redeemable Non-Convertible Preference Shares 4,50,000 (PY: 4,50,000) of ₹ 10 each fully paid up in EICL (Redemption date 14 th December, 2031)	0.45	0.45
	0.45	0.47

₹ in Crores

	As at	As at
	31 st March, 2018	31 st March, 2017
9 Investment accounted for using Equity Method		
Investments in Equity Instruments -Unquoted		
Valued at Cost		
(i) Investment in Associates		
10,00,000 (PY: 10,00,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd	1.72	1.83
Add: Share in Profit / (loss) for the period	(0.06)	(0.12)
a	1.66	1.71
50,000 (PY: 50,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals SA	0.21	0.26
Add: Share in Profit / (loss) for the period	0.12	(0.06)
Add: Impact of Foreign Currency translations	0.02	(0.00)
b	0.34	0.20
(ii) Investment in Joint Venture		
34,297 (PY: 34,297) equity shares of DZD 1000 each fully paid up representing 49% of equity in Alembic Mami SPA, Algeria	47.48	51.32
Add/(Less): Share in Profit / (loss) for the period	(8.14)	(3.65)
Add/(Less):Impact of Foreign Currency translations	(0.15)	(0.19)
c	39.19	47.48
Aggregate amount of unquoted Investments	(a+b+c)	49.39

Notes to the Consolidated Financial Statements

As at 31st March, 2018

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
10 Other Non-Current Assets		
Capital Advances	44.96	69.70
Balance with Government Authorities	26.17	1.53
	71.14	71.24

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
11 Inventories (Basis of Valuation - Refer Note 2.11)		
Raw Materials	186.21	134.14
Packing Materials	23.80	18.56
Work-in-Progress	51.92	30.72
Finished Goods	345.56	345.02
Traded Goods	110.66	80.02
Goods-in-Transit	9.32	19.64
Stores and Spares	6.46	4.65
	733.93	632.75

Note:

- (i) Inventories are hypothecated as security for working capital borrowings
(ii) During the year ended 31st March, 2018 the Company recorded inventory write-downs of ₹ 3.89 Crores (PY ₹ 3.16 Crores).

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
12 Trade Receivables		
(Unsecured, considered good, unless otherwise stated)		
Considered Good	a	338.82
	526.34	
Considered Doubtful	1.96	7.82
Provision for Doubtful debts	(1.96)	(7.82)
	b	-
	(a+b)	338.82
	526.34	

Note:

Receivables are hypothecated as security for working capital borrowings
Refer Note No 32(6)(g) of Related Party Receivables

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
13 Cash and Cash Equivalents		
Balances with Banks	83.41	152.91
Cash on hand	0.34	0.17
	83.74	153.08

Notes to the Consolidated Financial Statements

As at 31st March, 2018

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
14 Bank Balances Other than Cash and Cash Equivalents		
Unpaid Dividend Account	4.03	3.18
Margin Money Deposit Account	2.14	3.35
	6.18	6.52

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
15 Others Financial Assets (Current)		
Security Deposits	17.79	14.10
Unrealised Foreign Exchange Gain	12.18	-
	29.97	14.10

Refer note No 32(6)(g) for Related Party Deposits

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
16 Other Current Assets (Unsecured, considered good)		
Advance to Employees	5.80	3.91
Advance to Suppliers	151.94	101.58
Pre-paid Expense	15.32	7.55
Balances with Government Authorities	268.08	114.14
	441.13	227.19

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
17 Equity Share Capital		
Authorized		
20,00,00,000 - Equity shares of ₹ 2/- each	40.00	40.00
	40.00	40.00
Shares issued, subscribed and fully paid		
18,85,15,914 - Equity shares of ₹ 2/- each	37.70	37.70
	37.70	37.70

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2018		As at 31 st March, 2017	
	Numbers	₹ in Crores	Numbers	₹ in Crores
At the beginning of the year	18,85,15,914	37.70	18,85,15,914	37.70
Outstanding at the end of the year	18,85,15,914	37.70	18,85,15,914	37.70

The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital

The company is having only one class of shares i.e. Equity carrying a nominal value of ₹ 2/- per share. Every holder of the equity share of the Company is entitled to one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

The Company declares and pays dividend on the equity shares in Indian Rupees. Dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Shares in the company held by each shareholder holding more than 5% specifying the number of shares held

	As at 31 st March, 2018		As at 31 st March, 2017	
	Numbers	% held	Numbers	% held
1 Alembic Limited	5,54,71,208	29.43%	5,50,00,000	29.18%
2 Shreno Limited	2,06,98,780	10.98%	2,06,98,780	10.98%
3 Nirayu Private Limited	4,93,36,655	26.17%	1,37,13,755	7.27%
4 Whitefield Chemtech Private Limited	-	-	1,82,85,230	9.70%
5 Sierra Investments Private Limited	-	-	1,73,37,670	9.20%

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
18 Other Equity		
(Refer statement of changes in equity for detailed movement in other equity balance)		
(a) Capital Reserve	0.30	0.30
(b) General Reserve	1,237.12	1,137.98
(c) Retained Earnings	937.00	718.18
(e) Foreign Currency Translation Reserve	8.03	8.16
Total Other Equity	2,182.44	1,864.63

Nature and purpose of each Reserve

Capital Reserve :- Capital Reserve is created on receipt of Government subsidy for setting up factory in backward area.

General Reserve :- The reserve is created by transfer of a portion of the net profit.

Foreign Currency Translation Reserve :- Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation Currency (i.e. INR) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve.

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
19 Borrowings (Non-Current)		
Term Loan (Un Secured)		
From Bank	500.00	-
	500.00	-

Notes:

- Term loan of ₹ 200 Crores: Payable at the end of 30th Month from the date of first drawal (in January, 2020). Interest @ rate of six months T Bills plus spread of 87 bps.
- Term loan of ₹ 300 Crores: Payable after 3 years from the date of disbursement. Subject to maximum up to 31st December, 2020. Interest @ rate of one year G-sec plus spread of 61 bps.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

	As at 31 st March, 2018	As at 31 st March, 2017
₹ in Crores		
20 Provisions (Non-Current)		
Provision for Employee Benefits		
- Gratuity	1.84	-
- Leave benefits	18.03	15.42
Provision for Non-Saleable return of goods	41.79	41.79
	61.66	57.22

	As at 31 st March, 2018	As at 31 st March, 2017
₹ in Crores		
21 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation a	118.50	92.22
Deferred Tax Assets		
Provision for Doubtful debts	0.68	2.71
MAT Credit Entitlement	57.85	29.72
Intangible Asset	2.58	3.45
Others	21.95	19.42
b	83.06	55.29
(a-b)	35.44	36.93

	As at 31 st March, 2018	As at 31 st March, 2017
₹ in Crores		
22 Borrowings (Current)		
From Banks		
Secured		
Working Capital facilities	46.53	8.28
First charged on Pari-Passu basis by hypothecation of Inventory and Trade Receivables at varying rates repayable on demand		
Unsecured		
Short term Loans, Interest @ rate of 3 months Libor + 100 bps.	86.25	80.24
Working capital demand loan, Interest @ rate of 7.85%	75.00	-
	207.78	88.51

	As at 31 st March, 2018	As at 31 st March, 2017
₹ in Crores		
23 Trade Payables		
Due to Micro and Small Enterprises	0.20	1.15
Others	759.12	499.58
	759.32	500.73

Refer Note No 32(6)(g) for Related Party Payables

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
24 Other Financial Liabilities		
Interest accrued but not due on borrowings	2.92	0.35
Unpaid dividends	4.03	3.18
Trade Deposits	12.58	12.57
Unpaid / Unclaimed matured deposits and interest accrued thereon	0.06	0.07
	19.59	16.17

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
25 Other Current Liabilities		
Statutory dues	70.36	19.44
Advance from Customers	9.47	1.35
Others	43.46	44.32
	123.29	65.11

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
26 Provisions (Current)		
Provision for Employee Benefits		
Gratuity	6.73	6.04
Leave benefits	6.77	6.32
	13.51	12.36

₹ in Crores

	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
27 Revenue from Operations		
Sale of products		
- Domestic*	1,370.24	1,318.07
- Exports	1,665.42	1,741.45
	3,035.67	3,059.52
- Export Incentives	69.73	53.43
- Royalty	19.27	17.97
	6.14	3.68
- Other Operating Revenues*	6.14	3.68
	3,130.81	3,134.61

* Revenue from operations for the period 2016-17 and for the period 1st April, 2017 to 30th June, 2017 are including excise duty, however for the period from 1st July, 2017 to 31st March, 2018 is net of Goods and Service Tax (GST), Accordingly, revenue from operation are not comparable.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
28 Other Income		
Dividend	0.75	0.19
Insurance Claims	0.82	1.21
Lease Rent Income (Refer Note No. 32 (12))	0.03	0.16
Profit / (Loss) on Sales of Assets	4.82	(0.56)
Interest Income	0.62	1.03
	7.03	2.02

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
29 Cost of Material Consumed		
Inventory at the beginning of the year	152.70	106.44
Add : Purchases	783.06	750.13
	935.76	856.57
Less : Inventory at the end of the year	210.01	152.70
	725.75	703.87
Changes in inventories of Finished Goods, Stock in Trade and Work in Progress		
Work-in-Progress	51.92	30.72
Finished Goods	354.88	364.66
Stock-in-Trade	110.66	80.02
Inventory at the end of the year a	517.46	475.41
Work-in-Progress	30.72	24.26
Finished Goods	364.66	381.20
Stock-in-Trade	80.02	-
Inventory at the beginning of the year b	475.41	405.46
	(b-a)	(42.06)
	(42.06)	(69.95)

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
30 Employee Benefits Expense		
Salaries and Wages	592.30	528.32
Contribution to Provident and other funds	16.74	18.72
Staff welfare expense	13.77	11.79
	622.81	558.83

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
31 Other Expenses		
Consumption of Stores, Spares, Laboratory Material and Analytical Expense	158.63	131.10
Power and Fuel	70.35	64.20
Manufacturing and Labour Charges	17.94	29.55
Repairs and Maintenance		
Machinery	19.78	16.98
Buildings	7.05	9.43
Others	4.27	4.53
Freight and Forwarding Charges	64.32	40.92
Publicity Expense, Service Fees and Commission	315.91	352.22
Excise Duty	0.63	29.46
Rent (Refer Note No. 32 (11))	14.30	13.56
Rates and Taxes	5.82	8.86
Insurance	5.57	5.60
Travelling Expense	114.61	113.98
Communication Expenses	25.75	23.17
Legal & Professional Fees	77.84	115.11
Payment to Auditors	1.04	0.99
Exchange Difference (net)	(27.84)	5.97
Bad Debts written off	0.07	1.30
Expenses on CSR Activities	7.14	4.22
Donation	6.07	0.02
Patent Filing & Registration Fees	38.50	18.52
External Research & Development	36.86	98.20
Miscellaneous Expenses	14.75	14.53
	979.34	1,102.40

32 Other explanatory Notes to the Consolidated Financial Statements

1 Earning Per Share (EPS)

	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
(a) Net Profit after non-controlling interest attributable to equity shareholders (₹ in Crores)	412.63	403.16
(b) Weighted average numbers of equity shares	18,85,15,914	18,85,15,914
(c) Basic and diluted Earnings per share before Extra-Ordinary Items in ₹ (Face Value per share ₹ 2/- each)	21.89	21.39

Notes to the Consolidated Financial Statements

As at 31st March, 2018

2 Contingent Liabilities and Commitments (To The Extent Not Provided For)

₹ in Crores

	As at 31 st March, 2018	As at 31 st March, 2017
i Estimated amount of contracts net of advances remaining to be executed on capital accounts	134.49	227.18
ii Contingent liabilities		
(a) Letter of credit and Bank Guarantees	81.38	72.42
(b) Liabilities Disputed in appeals		
Excise duty	5.93	5.99
Sales Tax	2.57	2.91
Income Tax	-	0.03
(c) Claims against the company not acknowledged as debt	0.02	0.37
(d) Export obligation against advance licence	3.79	-
(e) Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import.	0.35	0.35

iii Contingent Asset

- (a) As per JV agreement, the interest on NCD issued by Aleor and subscribed by company will start accruing only when Aleor starts making cash profit. Since in pharma industry the gestation period is long and there is significant uncertainty as to when JV will start making profit, the fair value of such contingent asset is not ascertainable.
- (b) The company has made application to Department of Industrial Policy and Promotion for subsidy for setting new plant in Sikkim. The same is yet to be approved by the relevant authorities. Also large number of claims of various companies (who set up their plants much before ours) are pending. Hence the quantification of fair value of such subsidy are unascertainable.

3 Additional Information

₹ in Crores

Particulars	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive income		Share in Total Comprehensive income	
	As a % of consolidated Net Assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated	Amount	As % of consolidated	Amount
Parent :								
Alembic Pharmaceuticals Limited	98.85%	2194.64	102.22%	421.99	95.71%	(3.06)	102%	418.93
Subsidiaries :								
1. Indian : A G Research Pvt Ltd.	0.00%	(0.01)	(0.91%)	(3.74)	63.81%	(2.04)	(0.91%)	(3.74)
Aleor Dermaceuticals Limited	0.02%	0.51	0.12%	0.49	Nil	Nil	0.17%	0.68
2. Foreign :								
Alembic Global Holding SA (wholly owned subsidiary of Alembic Pharmaceuticals Limited)*	5.24%	116.40	1.77%	7.30	Nil	Nil	1.28%	5.26
Minority interest in all subsidiaries	0.01%	0.31	0.05%	0.19	Nil	Nil	(0.05%)	(0.19)

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

Particulars	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive income		Share in Total Comprehensive income	
	As a % of consolidated Net Assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated	Amount	As % of consolidated	Amount
Associates :								
(Investment as per the equity method)								
1. Indian : Incozen Therapeutics Pvt Limited	(0.06%)	(1.35)	(0.02%)	(0.06)	Nil	Nil	(0.02%)	(0.06)
2. Foreign : NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joint Venture :								
(As per proportionate consolidation / investment as per equity method)								
1. Indian : NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Foreign : NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Intercompany Elimination and Consolidation Adjustments	(4.07%)	(90.35)	(3.23%)	(13.35)	(59.53%)	1.90	(2.75%)	(11.25)
	100.0%	2,220.15	100.0%	412.82	100.0%	(3.20)	100.0%	409.63

4 Research and Development Expenses

₹ in Crores

	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2017
Material Consumption	68.16	83.38
Employees Benefit Expenses	102.50	75.76
Utilities	12.26	9.69
Depreciation	20.76	13.7
Others	207.61	244.64
Total	411.28	427.17

5 Operating Segment

The Group Company has only one reportable segment i.e Pharmaceuticals

₹ in Crores

Information about products and services		
API		650.60
Formulations		2,480.21
Information about Geographical Areas		
a) Revenue from External Customers		
In India		1,375.38
Outside India		1,755.43
b) Non-Current Assets		
In India		2,116.31
Outside India		-
c) Information about major customers		
Consolidated Revenue – exceeding 10% from each single external customer.		NIL

Notes to the Consolidated Financial Statements

As at 31st March, 2018

6 Disclosures in respect of Related Parties transactions

(a) Associate Companies:

- 1 Incozen Therapeutics Pvt. Limited
- 2 Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)
- 3 Dahlia Therapeutics (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)
- 4 Rhizen Pharmaceuticals Inc (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)

(b) Joint Venture

- 1 Alembic Mami SPA, (Joint venture of Alembic Global Holding SA.)

(c) Other Related Parties

- 1 Alembic Limited
- 2 Whitefield Chemtech Pvt. Limited (up to 12th December, 2017)
- 3 Nirayu Pvt. Limited
- 4 Shreno Limited
- 5 Paushak Limited
- 6 Quick Flight Limited (upto 9th May, 2017)
- 7 Sierra Investments Pvt. Limited (Up to 12th December, 2017)
- 8 Viramya Packlight LLP (Formally Known as Viramya Packlight Ltd)
- 9 Shreno Publications Limited

(d) Key Management personnel

- | | | |
|----|-----------------------|--|
| 1 | Mr. Chirayu Amin | Chairman & CEO |
| 2 | Mr. Pranav Amin | Managing Director |
| 3 | Mr. Shaunak Amin | Managing Director |
| 4 | Mr. R. K. Baheti | Director - Finance & CFO |
| 5 | Mr. K.G Ramnathan | Non-Executive Independent Director |
| 6 | Mr. Pranav Parikh | Non-Executive Independent Director |
| 7 | Mr. Paresh Saraiya | Non-Executive Independent Director |
| 8 | Mr. Milin Mehta | Non-Executive Independent Director |
| 9 | Ms. Archana Hingorani | Non-Executive Independent Director |
| 10 | Mr. Ajay Kumar Desai | Sr. Vice President - Finance & Company Secretary |

(e) Relatives of Key Management Personnel :

- 1 Mrs. Malika Amin
- 2 Mr. Udit Amin
- 3 Ms. Yera Amin
- 4 Mrs. Jyoti Patel
- 5 Mrs. Ninochaka Kothari
- 6 Mrs. Shreya Mukherjee

Notes to the Consolidated Financial Statements

As at 31st March, 2018

(f) Transactions with Related parties:

During the year, the following transactions were carried out with related parties and relative of Key Management Personnel in the ordinary course of the business:

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
Associates		
Sale of Goods/DEPB	5.97	6.37
Reimbursement of expenses	0.58	0.30
Joint Venture		
Corporate Guarantee Given	13.69	10.00
Sale of Goods/DEPB	4.58	10.04
Key Management Personnel		
Short Term Employment Benefits	28.07	20.64
Terminal Benefits	1.93	1.78
Commission	28.30	25.00
Sitting Fees	0.17	0.13
Dividend Paid	2.62	2.62
Other Related Parties		
Purchase of Goods/DEPB/IP Rights	74.10	73.04
Dividend Paid	50.01	50.01
Receiving of Services	8.22	7.41
Rent Paid	6.80	5.67
Purchase of Fixed Assets	3.73	2.93
Deposit Given	2.84	0.88
Sale of Goods/DEPB	2.48	3.38
Reimbursement of expenses	0.78	(0.91)

(g) Balance Outstanding as at the end of the year

	As at 31 st March, 2018	₹ in Crores As at 31 st March, 2017
Associate Companies:		
Trade Receivable	3.55	3.55
Joint Venture		
Corporate Guarantee	32.59	18.81
Trade Receivable	0.23	4.52
Other Related Parties		
Trade Payable	11.71	9.27
Trade Receivable	5.87	3.55
Deposit Given	12.47	9.57
Key Management Personnel		
Commission Payable	28.30	33.99

Notes to the Consolidated Financial Statements

As at 31st March, 2018

(h) Disclosure in respect of material transaction with related parties during the year.

	For the Year Ended on 31 st March, 2018	₹ in Crores For the Year Ended on 31 st March, 2017
Purchase of Goods/DEPB/IP Rights		
i Alembic Limited	50.05	53.83
ii Sierra Investments Pvt. Limited	10.92	16.48
iii Shreno Publication Limited	6.01	-
Sale of Goods/DEPB		
i Rhizen Pharmaceutical SA	5.97	6.37
ii Alembic Limited	2.13	2.91
Purchase of Fixed Assets		
i Shreno Limited	3.73	2.87
Receiving of services		
i Alembic Limited	7.72	3.18
ii Shreno Limited	4.39	4.23
Reimbursement of expenses		
i Alembic Limited	0.78	(0.91)
ii Rhizen Pharmaceutical SA	0.58	0.30
Rent Paid		
i Alembic Limited	6.18	5.14
Deposit Given		
i Alembic Limited	2.84	0.88
Corporate Gurantee Given		
i Alembic Mami SPA, Algeria	13.69	-
ii Shreno Limited	-	10.00
Remuneration		
i Mr. Chirayu Amin	22.00	20.50
ii Mr. Pranav Amin	15.65	11.50
iii Mr. Shaunak Amin	15.66	11.50
Dividend Paid		
i Alembic Limited	22.00	22.00
ii Shreno Limited	8.28	7.35
iii Sierra Investments Pvt Limited	6.94	6.87
iv Nirayu Pvt Limited	5.49	6.49
v Whitefield Chemtech Pvt Limited	7.31	7.31
vi Mr. Chirayu Amin	1.81	1.81
vii Mr. Pranav Amin	0.40	0.40
viii Mr. Shaunak Amin	0.40	0.40

Notes to the Consolidated Financial Statements

As at 31st March, 2018

7 Income Taxes

a. Income tax expense

	₹ in Crores	
	For the Year Ended on 31 st March, 2018	For the Year Ended on 31 st March, 2018
Current Tax		
Current tax expense	123.61	122.40
Deferred Tax		
Decrease / (increase) in deferred tax assets	(28.63)	(25.88)
(Decrease) / increase in deferred tax liabilities	26.28	25.67
Total deferred tax expenses (benefit)	(2.35)	(0.21)
Total Income tax expenses *	121.27	122.19

* This excludes tax benefit on other comprehensive income of ₹ 0.83 Crores for 31st March, 2018 & ₹ 0.58 Crores for 31st March, 2017 respectively.

b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
Profit before Income tax expense	541.27	525.36
Tax at the Indian Tax Rate*	115.52	112.12
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Dividend income	(0.04)	(0.04)
Expenditure related to exempt income	0.02	0.00
Effect on account of overseas tax	5.85	8.52
Others (including deferred tax)	(0.08)	1.59
Income Tax Expense	121.27	122.19

* The company is covered under the provisions of MAT u/s 115JB and the applicable Indian tax rate for year ended 31st March, 2018 and 31st March, 2017 is 21.3416%.

c. Current tax (liabilities)/assets

	₹ in Crores	
	As at 31 st March, 2018	As at 31 st March, 2017
Opening balance	(9.79)	(9.26)
Income tax paid	134.92	121.29
Current income tax payable for the period / year	(122.78)	(121.82)
Written back of income tax provision of earlier years	1.10	-
Net current income tax asset/ (liability) at the end	3.45	(9.79)

Notes to the Consolidated Financial Statements

As at 31st March, 2018

8 Financial instruments

Category of Financial Instrument

₹ in Crores

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets						
Investment in Equity instruments	-	-	-	0.02	-	-
Investment in Preference shares	-	-	0.45	-	-	0.45
Trade Receivables	-	-	526.34	-	-	338.82
Cash and cash equivalents	-	-	83.74	-	-	153.08
Bank balances other than Cash and Cash Equivalents	-	-	6.18	-	-	6.52
Derivatives not designated as Hedge	5.53	-	-	-	-	-
Others	-	-	24.44	-	-	14.10
Total	5.53	-	641.15	0.02	-	512.98
Financial liabilities						
Borrowings	-	-	707.78	-	-	88.51
Trade Payables	-	-	759.32	-	-	500.73
Other Financial liabilities	-	-	19.59	-	-	16.17
Derivatives not designated as Hedge	-	-	-	12.32	-	-
Total	-	-	1,486.69	12.32	-	605.41

Fair value measurement hierarchy :

₹ in Crores

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	'Level of input used in			'Level of input used in		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investment in Equity instruments	-	-	-	-	-	0.02
Derivatives not designated as Hedge	-	5.53	-	-	12.32	-

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

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

In case of investment in equity instrument, cost has been considered as approximate fair value in view of materiality of value of investment.

9 Financial Risk management

The Group has exposure to the following risks arising from financial instruments:

- (i) Credit Risk;
- (ii) Liquidity Risk; and
- (iii) Market Risk

i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, Deposit and other receivables.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer, default risk of the industry and country in which the customer operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group has used expected credit loss (ECL) model for assessing the impairment loss.

	As at 31 st March, 2018	As at 31 st March, 2017
Trade Receivables	526.34	338.82
Allowance for doubtful debts	1.96	7.82
Percentage	0.4%	2.3%

₹ in Crores

Reconciliation of loss allowance provision – Trade receivables

	₹ in Crores
Loss allowance on 1 st April, 2016	6.21
Changes in loss allowance	1.61
Loss allowance on 31 st March, 2017	7.82
Changes in loss allowance	(5.86)
Loss allowance on 31 st March, 2018	1.96

Cash and cash equivalents, Other Bank Balances and Derivatives

As at the year end, the Group held cash and cash equivalents of ₹ 83.74 Crores (31st March, 2017 - ₹ 153.08 Crores). The cash and cash equivalents other Bank balances and derivatives are held with bank with good credit rating.

ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. The Group has sufficient unutilised fund and non fund based working capital credit limit duly sanctioned by various banks.

The company is rated by leading credit agency CRISIL, the rating "CRISIL A1+" and "AA+/Stable" has been assigned for short term and long term facility respectively, indicating high degree of safety regarding timely payment and servicing of financial obligation.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	As at 31 st March, 2018			As at 31 st March, 2017		
	Less than 1 year	More than 1 Years	Total	Less than 1 year	More than 1 Years	Total
Non derivative						
Borrowings	207.78	500.00	707.78	88.51	-	88.51
Trade payables	759.32	-	759.32	500.73	-	500.73
Other financial liabilities	19.59	-	19.59	16.17	-	16.17
Derivative						
Forward / Options contracts	-	-	-	12.32	-	12.32

₹ in Crores

Notes to the Consolidated Financial Statements

As at 31st March, 2018

iii) Market Risk

Currency Risk

The Group's foreign exchange risk arises from its foreign operations, foreign currency revenues, expenses and foreign currency borrowings. The Group uses foreign exchange forward contracts and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its budgeted business transactions and recognized assets and liabilities. The Group enters into foreign currency options and forward contracts which are not intended for trading or speculative purposes but for hedge purposes.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crores				
As at 31 st March ,2018	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables	452.96	26.41	16.75	496.12
Cash and cash equivalents	7.95	0.75	-	8.70
Financial liabilities				
Trade payables	59.83	2.05	1.89	63.77
Borrowing (PCFC)	32.59	-	-	32.59
<hr/>				
As at 31 st March ,2017	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables	338.72	25.71	15.86	380.29
Financial liabilities				
Trade payables	55.09	9.95	1.93	66.97

Sensitivity analysis

For the years ended 31st March, 2018 and 31st March, 2017 every 5% weakening in the exchange rate between the Indian Rupee and the respective major currencies for the above mentioned financial assets/liabilities would increase Group's profit and equity by approximately ₹ 19.68 Crores and ₹ 14.97 Crores respectively. A 5% strengthening of the Indian Rupee and the respective major currencies would lead to an equal but opposite effect.

Interest Rate Risk and Exposure to Interest Rate Risk

The Group has loan facilities on floating interest rate, which exposes the group to risk of changes in interest rates.

For the years ended 31st March, 2018 and 31st March, 2017, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Group's loss by approximately ₹ 3.05 Crores and ₹ 0.44 Crores respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity Rate Risk

The Group's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies.

Other Risk

Since Group is significantly dealing in regulatory market, continuous compliance of all manufacturing facilities is pre requisite, any adverse action by regulatory authority of the group's target market can adversely affect Group operation.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

10 Capital Management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

Dividend on equity shares paid during the year

During the year ended 31st March, 2018 an amount of ₹ 4.00 (P.Y. ₹ 4.00) of dividend per equity share was paid to the equity shareholders after the AGM approval. ₹ 75.41 Crores and corporate tax of ₹ 15.35 in relation to FY 2016-17.

The Board of Directors has recommended dividend on Equity Shares at ₹ 4 per share i.e. 200% for the year ended on 31st March, 2018. Dividend Proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

11 Leases

The Group has obtained certain premises for its business operations under operating lease or leave and license agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreeable terms.

Lease receipts / payments are recognised in the statement of profit and loss under "Lease Rent Income" & "Rent" in Note 28 and 31 respectively.

12 During the year Goodwill arise on account of acquisition of 100% interest into Orit Laboratories LLC along with Okner Realty LLC through wholly owned subsidiary Alembic Pharmaceuticals Inc., (USA) for the purpose of expansion of business operation.

13 The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Rajesh S. Joshi
Partner
Membership No. 38526

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary

Vadodara: 16th May, 2018

Vadodara: 16th May, 2018

Notes to the Consolidated Financial Statements

As at 31st March, 2018**Form AOC-I**

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

Part "A": Subsidiaries

Name of the subsidiary	₹ in Crores		
	Alembic Global Holding SA	A G Research Pvt Ltd	Aleor Dermaceuticals Limited
Date since when subsidiary was acquired	14.12.2007	01.07.2015	23.05.2016
Reporting period for the subsidiary	31.03.2018	31.03.2018	31.03.2018
Reporting currency and Exchange rate as on the last date of the relevant Financial year	1 USD – 68.17 INR	INR	INR
Share capital	31.04	4.13	0.5
Reserves & surplus	85.36	(4.14)	0.32
Total assets	723.09	0.02	296.18
Total Liabilities	606.69	0.03	295.36
Investments	39.54	-	0.23
Turnover	906.24	(0.00)	NIL
Profit before taxation	14.43	(3.74)	0.49
Provision for taxation	7.13	-	NIL
Profit after taxation	7.30	(3.74)	0.49
Proposed Dividend	NIL	NIL	NIL
% of shareholding	100%	100%	60%

Notes:

1. The following company's accounts are consolidated in Alembic Global Holding SA, a wholly owned subsidiary of Alembic Pharmaceuticals Limited:
 - a Alembic Pharmaceuticals Europe Limited (Subsidiary of Alembic Global Holding SA)
 - b Alembic Pharmaceuticals, Inc. (Subsidiary of Alembic Global Holding SA)
 - c Alembic Pharmaceuticals Canada Limited (Subsidiary of Alembic Global Holding SA)
 - d Alembic Pharmaceuticals Australia Pty Limited (Subsidiary of Alembic Global Holding SA)
 - e Alnova Pharmaceuticals SA (Subsidiary of Alembic Global Holding SA)
 - f Genius LLC (Subsidiary of Alembic Global Holding SA)
 - g Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)
 - h Dahlia Therapeutics SA (Subsidiary of Rhizen Pharmaceuticals SA.)
 - i Alembic Mami SPA (Joint Venture of Alembic Global Holding SF)
 - j Rhizen Pharmaceuticals Inc (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)
 - k Orit Laboratories LLC (Subsidiary of Alembic Pharmaceuticals Inc)
 - l Okner Realty LLC (Subsidiary of Alembic Pharmaceuticals Inc)
2. Names of subsidiaries which are yet to commence operations - NA
3. Names of subsidiaries which have been liquidated or sold during the year. - NA

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Part "B": Associates and Joint Venture

₹ in Crores

Name of Associates	Incozen Therapeutics Pvt. Ltd.
1 Latest audited Balance Sheet Date	31 st March, 2018
2 Date on which Associate was acquired	7 th February, 2009
3 Shares of Associate/ Joint Venture held by the company on the year end no of share	1000000
4 Amount of Investment in Associates	3
5 Extent of Holding %	50%
6 Description of how there is significant influence	NA
7 Reason why the associate/ Joint Venture Company is not consolidated	NA
8 Net worth attributable to Shareholding as per latest audited Balance Sheet	1.65
9 Profit / (Loss) for the year	(0.13)
10 Considered in Consolidation	(0.06)
11 Not Considered in Consolidation	(0.06)

Notes:

- Names of associates or Joint Venture which are yet to commence operations. – NA
- Names of associates or Joint Venture which have been liquidated or sold during the year. NA

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Rajesh S. Joshi
Partner
Membership No. 38526
Vadodara: 16th May, 2018

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary
Vadodara: 16th May, 2018