ANNUAL REPORT 2017-18

GLAND

6-3-865/1/2, Flat No. 201,
Greenland Apartments, Ameerpet, Hyderabad – 500 016
Tel: + 91-40-6662 1010; Fax: +91-40-2340 2229
CIN: U24239AP1978PLC002276
E-Mail: gland@glandpharma.com
Website: www.glandpharma.com

Corporate Information

BOARD OF DIRECTORS

1.	Mr. Chen Qiyu	-	Chairman
2.	Mr. P. V. N. Raju	-	Honorary Chairman
3.	Dr. Ravi Penmetsa	-	Managing Director & CEO
4.	Mr. Wu Yifang	-	Director
5.	Mr. Dongming Li	-	Director
6.	Ms. Guan Xiaohui	-	Director
7.	Mr. Peng Yiran	-	Director & CFO
8.	Mr. Moheb Ali	-	Independent Director
9.	Mr. Udo J Vetter	-	Independent Director

COMPANY SECRETARY

P. Sampath Kumar

STATUTORY AUDITORS

M/s. S.R. Batliboi & Associates LLP
Chartered Accountants
Hyderabad.

BANKERS

Syndicate Bank
Corporate Finance Branch
Hyderabad.

REGISTERED OFFICE

6-3-865/1/2, Flat No 201,
Greenland Apartments, Ameerpet,
Hyderabad - 500 016
Tel: +91-40-6662 1010: Fax-+91-40-2340 2229
E-Mail: gland@glandpharma.com
Website: www.glandpharma.com

PLANTS

Sy. No. 143-148, 150 & 151
D.P. Pally, Dundigal (Post),
Hyderabad – 500 043.

Plot No. 49 & 50,
Jawaharlal Nehru Pharmacity, Parawada (M),
Visakhapatnam – 531 021.

Unit – II, Block – C, Phase-I,
Visakhapatnam Special Economic Zone
Duvvada, Visakhapatnam - 530 046.

Unit – I, Block - C, Phase - I
Visakhapatnam Special Economic Zone,
Duvvada, Visakhapatnam- 530 046.

Plot No. 42 – 52, 54, 55 & 64 – 68 APIIC,
Phase-III, Pashamylaram(V), Patancheru(M),
Medak(Dt) – 502 307.

NOTICE

Notice is hereby given that the 40th Annual General Meeting of the Members of Gland Pharma Limited will be held on Monday, the 17th September, 2018 at the Registered Office of the Company situated at Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad – 500 016 at 11:00 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2018; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto, together with the Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Dr. Ravi Penmetsa, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Peng Yiran, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint M/s. S.R. Batliboi & Associates L.L.P., Chartered Accountants, Hyderabad as Statutory Auditors of the Company for a period of 5 years i.e., from F.Y. 2018-19 to F.Y. 2022-23 and to authorize the Board of Directors to fix their remuneration by passing the following resolution:

   "RESOLVED THAT pursuant to Section 139(1) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. S. R. Batliboi & Associates L.L.P, Chartered Accountants, Hyderabad (Firm Registration No. 101049W/ E300004) be and are hereby appointed as Statutory Auditors of the Company for a period of 5 years i.e., from F.Y. 2018-19 to F.Y. 2022-23 and shall hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting for financial year 2022-23 and the Board of Directors be and is hereby authorised to fix their remuneration."

Special Business:

5. **To approve shifting of registered office of the Company**

   To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution

   "**RESOLVED THAT** pursuant to the provisions of Section 12(5) of the Companies Act, 2013 and Rules 25 and 27 of the Companies (Incorporation) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013; the Registered office of the Company be and is hereby shifted from Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad – 500 016 to Sy. No. 143 - 148, 150 & 151, Near Gandi Maisamma 'X' Roads, D.P.Pally, Dundigal, Dundigal-Gandimaisamma Mandal, Medchal-Malkajgiri District, Hyderabad, Telangana – 500 043.

   FURTHER RESOLVED THAT Dr. Ravi Penmetsa, CEO & Managing Director of the Company and / or Mr. P. Sampath Kumar, Company Secretary of the Company be and are hereby authorized severally to file the necessary e-forms with Registrar of Companies, and to do all such other acts, deeds and things as may be required to give effect to the above resolution."

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Place: Hyderabad
Date: 21 -Aug-2018

Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.
2. The proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the Meeting.
3. Members are requested to bring their copies of the Annual Report to the Meeting.
4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5: To approve shifting of registered office of the Company

In view of operational convenience, it is proposed to shift the Registered office of the Company from Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad – 500 016 to the Company's Dundigal Plant situated at Sy. No. 143 - 148, 150 & 151, Near Gandi Maisamma 'X' Roads, D.P.Pally, Dundigal, Dundigal- Gandimaisamma Mandal, Medchal-Malkajgiri District, Hyderabad, Telangana – 500 043.

Since the Company's Plant is located outside the local limits of the City, approval of the Members of the Company through a Special resolution is required.

The Board recommends the passing of the resolutions at Item No. 7 of the Notice as a Special resolution.

None of the Directors, Key Managerial Personnel of the Company, or their relatives, is interested in this resolution.

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Place: Hyderabad
Date: 21 -Aug-2018

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 40th Annual Report together with Audited Financial Statements for the Year ended 31st March, 2018.

CORPORATE AFFAIRS & FINANCIAL HIGHLIGHTS

During the Financial year under review, M/s. Fosun Pharma Industrial Pte. Ltd, a Singapore based Company acquired 74% of the shareholding of the Company. M/s. KKR Floorline Investments Pte. Ltd; the Private Equity investor and other strategic investors disinvested in the Company.

Financial Highlights

(Rs. in Mn)

Particulars	Year Ended 2017-18	Year Ended 2016-17
Income	16,716.82	15,251.88
Profit Before Interest, Depreciation and Tax	5,838.94	6,585.50
Finance cost	41.25	63.92
Profit Before Depreciation and Tax	**5,797.69**	**6,521.58**
Depreciation	782.08	741.47
Profit Before Tax	**5,015.61**	**5,780.11**
Provision for Taxation		
Current Tax	1,694.59	1,430.29
Deferred Tax Liability	106.33	208.57
Taxes for earlier years	3.54	3.99
Profit After Tax	**3,211.15**	**4,137.26**
Less : Total other Comprehensive Income for the year, net of tax	5.03	9.83
Total Comprehensive Income for the year, net of tax	**3,206.12**	**4,127.43**
Earnings Per Share (Rs.)		
Basic	212.37	267.01
Diluted	207.24	267.01

Extract of the Annual Return [Section 134(3)(a)]

The extract of the Annual Return in Form MGT-9 in terms of Section 92 of the Companies Act, 2013 and the Rules made thereunder is annexed as **Annexure A** to this Report.

Meetings of the Board of Directors [Section 134(3)(b)]

During the year under review, the Board of Directors met 7 times on 27th June, 2017; 1st September, 2017; 15th September, 2017; 3rd October, 2017; 3rd October, 2017 (twice on the same day); 13th October, 2017 and 7th February, 2018.

Directors' Responsibility Statement [Section 134(3)(c) and 134(5)]

In terms of Section 134(3)(c) and 134(5) of the Companies Act, 2013 your directors state that :

a) in preparation of the annual accounts for the year ended 31st March, 2018; the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date.

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

d) they have prepared the annual accounts on a going concern basis.

e) they have laid down proper internal financial controls to be followed by the Company and they were adequate and operating effectively and

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

Declaration by Independent Directors [Section 134(3)(d)]

Both the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. A Statement on the criteria for determining the Independence of Directors is annexed as **Annexure B** to this Report.

Company's policy on Directors' appointment and remuneration and Criteria for determining qualifications, Positive Attributes and Independence of a Director [Section 134(3)(e)]

The Company has constituted a Nomination and Remuneration Committee which has been entrusted the responsibility of selecting and recommending the appointment and remuneration of Directors. The Committee, while making appointments and fixing the remuneration of Directors will take into consideration the following:

a) their qualification,

b) past record, especially their credentials and achievements, experience, past remuneration

c) job profile and suitability

d) comparative remuneration with the industry in line with size and profits of the Company

e) their pecuniary relationship with the promoters.

Further the Nomination and Remuneration Committee also, while recommending and appointing independent Directors will evaluate the following:

a) their qualification,

b) credentials, past experience in the fields of finance, management, technology, taxation and other related fields

c) expertise in similar industry

d) confirmation from the Internal Auditors that there is no pecuniary relationship with the Company or other parties in terms of Section 149(6) of the Companies Act, 2013.

Audit Reports [Section 134(3)(f)]

The Independent Auditor's Report given by M/s. S.R. Batliboi & Associates, L.L.P, Statutory Auditors of the Company does not contain any qualifications, reservation or adverse remarks.

The Secretarial Audit Report given by M/s. BS & Company, Company Secretaries LLP does not contain any qualifications, reservation or adverse remarks.

Particulars of Loans, Guarantees and Investments [Section 134(3)(g)]

During the year under review, the Company did not extend any Loans or Guarantees and did not make any investments as covered under the provisions of Section 186 of the Companies Act, 2013.

Particulars of contracts with Related Parties [Section 134(3)(h)]

The Company's transactions with Related Parties are at arm's length and are in the ordinary course of business only. The Company does not have any related party transactions, which may have potential conflict with the interests of the Company. All Related Party transactions have been reported in Notes to Accounts and do not cover under the provisions of Section 188(1) of the Companies Act, 2013 read with Rules made thereunder.

The details of the Related Party transactions were provided in **Annexure C** to this Report.

Company Affairs [Section 134(3)(i)]

Research and Development

R&D is another focus area for Gland. Synthetic R&D is led by Dr. C.S. Venkatesan and Formulation R&D is led by Dr S. Sridevi. Each of them has over two decades of experience.

Gland has a team of close to 200 scientists working in the areas of:

- API Process Development
- Analytical Method Development
- Formulation Development
- Synthesis/isolation and characterization of process and degradation impurities

Financial Highlights [Rule 8(5)(i) of Companies (Accounts) Rules, 2014]

Performance and Operations Review

During the year, the gross income of the Company was Rs.16,716.82 Mn as against Rs. 15,251.88 Mn during the previous year reflecting a growth of 9.60%.

Exports

Exports contribution to the revenue of the Company is approximately 84%. Your Company exports to almost 70 countries across 6 continents. During the year, the Company has achieved an export turnover of Rs.13,627.91 Mn.

Domestic Operations

The Domestic sales during the year 2017-18 amounts to Rs. 2,601.02 Mn. Domestic sales include Co-Marketing, which is a major revenue source for your Company in Domestic segment.

Taxation

The Company has made an Income Tax provision of Rs.1,694.59 Mn for the period under review as against Rs.1,430.29 Mn for the previous year. An amount of Rs.106.33 Mn has been provided towards Deferred Tax Liability for the year as required under Accounting Standard-22 relating to "Accounting for Taxes on Income". Deferred Tax Liability provision for the previous year was Rs.208.57 Mn.

Borrowings

The Company has repaid all its outstanding working capital loans and Term Loans and the Company has no outstanding borrowings as on date of this Report.

Capital Expenditure

During the year under review, the Company has incurred capital expenditure of Rs.494.07 Mn at its Manufacturing Facilities at Dundigal, Pashamylaram, VSEZ and Pharmacity.

General Reserve [Section 134(3)(j)]:

During the financial year under review, no amount was transferred to General Reserve.

Dividends [Section 134(3)(k)]

The Board of Directors did not recommend dividend for this year.

Material Changes and commitments [Section 134(3)(l)]

There were no material changes occurred or commitments made by the management from the end of the financial year to the date of this report, which effect the financial position of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Out go [Section 134(3)(m)]

Particulars as required under Section 134(3)(m) of the Companies Act, 2013 are annexed as **Annexure-D** to this Report.

Risk Management [Section 134(3)(n)]

The Company has formulated a Risk Management policy. Risks are classified in to different categories such as Financial, Operational, Legal and Strategic risks. These risks are reviewed from time to time and controls are put in place with specific responsibility of the concerned Officer of the Company. However, the Board could not identify any major risks, which may threaten the immediate existence of the Company.

Corporate Social Responsibility [Section 134(3)(o)]

The Company had constituted a 'Corporate Social Responsibility Committee' to decide upon and implement the Corporate Social Responsibility Policy (CSR policy) of the Company.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-E** to this Report in the format prescribed in the Companies (CSR policy) Rules, 2014.

Change in the nature of business [Rule 8(5)(ii) of Companies (Accounts) Rules, 2014]

There is no change in the nature of the business of the Company during the financial year under review.

Change in the Directors or Key Managerial Personnel [Rule 8(5)(iii) of Companies (Accounts) Rules, 2014]

Directors

(i) During the year under review, Mrs. K. Jhansi Lakshmi and Mr. Udo J. Vetter were reappointed as Directors liable to retire by rotation in the Annual General Meeting held on 27th September, 2017.

(ii) The following changes were made in the constitution of the Board of Directors of the Company, on 3rd October, 2017 pursuant to the acquisition of 74% of shareholding by Fosun Pharma Industrial Pte. Ltd.

Directors appointed:

1. Mr. Chen Qiyu – Chairman (Director not liable to retire by rotation)
2. Mr. Wu Yifang
3. Mrs. Guan Xiaohui
4. Mr. Peng Yiran
5. Mr. Shao Ying

Directors resigned:

1. Mrs. K. Jhansi Lakshmi
2. Mr. Udo J. Vetter
3. Mr. Sanjay Nayar
4. Mr. Karan Swani
5. Mr. B. Narasimha Rao
6. Mr. Srinivas Sadu

Dr. Ravi Penmetsa had been appointed as Chief Executive Officer (CEO) & Managing Director of the Company.

(iii) On 7th February, 2018 Mr. Li Dongming and Mr. Udo J. Vetter (Independent Director) were appointed as Additional Directors by the Board and later regularized.

(iv) The resignations of Mr. D.S. Brar and Mr. Shao Ying were accepted with effect from 7th February, 2018.

(v) As per the provisions of Section 152 of the Companies Act, 2013 read with Articles of Association of the Company; Dr. Ravi Penmetsa, CEO & Managing Director and Mr. Peng Yiran, Director are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Subsidiaries and Associates [Rule 8(5)(iv) of Companies (Accounts) Rules, 2014]

The Company does not have any subsidiaries or Associates as defined in the Companies Act, 2013, during the Financial Year under review.

However, Gland Pharma Limited is a subsidiary of Fosun Pharma Industrial Pte. Ltd, a Singapore Company, which holds 74% of shareholding in Gland Pharma Limited.

Deposits [Rule 8(5)(v) of Companies (Accounts) Rules, 2014]

The Company did not accept any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There are no unpaid or unclaimed deposits as the Company had never accepted deposits within the meaning of the Act and the Rules made thereunder.

Significant and Material Orders [Rule 8(5)(vii) of Companies (Accounts) Rules, 2014]

No orders were passed by the Regulators or Courts or Tribunals impacting the 'going concern' status and the future operations of the Company.

Internal Financial controls [Rule 8(5)(viii) of Companies (Accounts) Rules, 2014]

The Company appointed M/s. Y. Raghuram & Co., Chartered Accountants as Internal Auditors of the Company. The Company has adequate financial controls at every level to check and control any defects and frauds in the Company.

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

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the work place. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. The Company has not received any complaints during the year.

Vigil Mechanism [Section 177(9) and 177(10)]

The Company, as required under Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014; has established a Vigil Mechanism for their Directors and employees to report their genuine concerns or grievances.

The Audit Committee of the Company shall oversee the vigil mechanism, which provides for adequate safeguards against victimization of employees and Directors who avail of the vigil mechanism.

All the employees and Directors of the Company are provided direct access to the Chairman of the Audit Committee.

Auditors

Statutory Auditors

M/s. S.R. Batliboi & Associates, L.L.P., Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company to hold office from the conclusion of the 36th Annual General Meeting to the conclusion of the Annual General Meeting for the financial year 2017-18.

A proposal for the reappointment of the same Audit firm i.e., S.R. Batliboi & Associates, L.L.P for a further period of five years (i.e., from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting for the F.Y 2022-23), will be placed before the Members at the ensuing Annual General Meeting. The said Auditors have given their willingness and eligibility certificate in terms of Section 139 of the Companies Act, 2013.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed BS & Company, Company Secretaries LLP to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure-F** to this Report.

Particulars of Employees

In terms of the provisions of Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is annexed as **Annexure-G** to this Report.

Committees of the Board of Directors

a) Audit Committee [Section 177]

The primary objective of the Audit Committee of the Company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Audit Committee will review periodically the internal control systems, scope of audit including the observations of auditors, if any, and review the half yearly and annual financial statements before submission to the Board and also ensures compliance with internal control system.

The terms of reference of the Committee are wide enough to cover matters specified for Audit Committees under Section 177 of the Companies Act, 2013.

During the year under review, the Audit Committee met on 27th June, 2017 and 21st December, 2017.

Composition and attendance of Audit Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali	Chairman	Independent Director	2
Mr. D.S.Brar (resigned w.e.f. 7th Feb, 2018)	Member	Independent Director	-
Mr. Karan Swani (resigned w.e.f. 3rd Oct, 2017)	Member	Non-Executive Director	1
Ms. Guan Xiaohui (appointed w.e.f. 3rd Oct, 2017)	Member	Non-Executive Director	1
Mr. Udo J Vetter (appointed w.e.f. 7th Feb, 2018)	Member	Independent Director	-

Dr. Ravi Penmetsa, CEO & Managing Director, Mr. Peng Yiran, Director & CFO and Mr.Wu Rong, Chief Financial Controller of the Company are the Special invitees to every Audit Committee Meeting.

b) Nomination and Remuneration Committee [Section 178]

The purpose of the Nomination and Remuneration Committee of the Company shall be to discharge the Board's responsibilities relating to remuneration of the Company's Executive Directors. The Committee has overall responsibility for formulating the criteria for determining qualifications and independence of a Director and recommends to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

During the year under review, the Nomination and Remuneration Committee met on 3rd October, 2017 and 30th January, 2018.

Composition and attendance of Nomination and Remuneration Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. D.S.Brar (resigned w.e.f. 7th Feb, 2018)	Chairman	Independent Director	-
Mr. Moheb Ali (Chairman w.e.f. 7th Feb, 2018)	Member	Independent Director	1
Mr. Karan Swani (resigned w.e.f. 3rd Oct, 2017)	Member	Non-Executive Director	-
Mr. P.V.N. Raju	Member	Chairman (Whole-time Director)	2
Mr. Wu Yifang (appointed w.e.f. 3rd Oct, 2017)	Member	Non-Executive Director	1
Mr. Udo J. Vetter (appointed w.e.f. 7th Feb, 2018)	Member	Independent Director	-

Mr. Peng Yiran, Director & CFO of the Company is the Special invitee to every Nomination and Remuneration Committee Meeting.

c) Stakeholders Relationship and Share Transfer Committee

The "Stakeholders' Relationship and Share transfer Committee" of Directors was constituted to deal and resolve grievances of the stakeholders of the Company and also to consider and approve the share transfers and transmissions as and when required.

The Company is not required to constitute the Stakeholders' Relationship Committee as the number of shareholders of the Committee is less than one thousand.

The Committee had met on 27th September, 2017.

The Committee had the following responsibilities:

i. Approve transfers/transmission of shares.

ii. Approve issue of duplicate share certificates, consolidation/sub-division of share certificates on completion of the procedures as may be stipulated.

iii. Ensure all shareholders' queries, grievances and complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. are attended and redressed in an expeditious manner.

iv. Any other matter referred by the Board relating to shareholders of the Company.

The Committee was dissolved with effect from 3rd October, 2017.

Composition and attendance of Stakeholders Relationship and Share Transfer Committe

Name of the Director	Position	Category	No. of Meetings attended
Dr. Ravi Penmetsa	Chairman	CEO & Managing Director	1
Mr. B. Narasimha Rao (resigned w.e.f. 3rd Oct, 2017)	Member	Whole-time Director & CFO	1
Mr. Karan Swani (resigned w.e.f. 3rd Oct, 2017)	Member	Non-Executive Director	-

d) Corporate Social Responsibility (CSR) Committee [Section 135]

The Company has constituted the 'Corporate Social Responsibility Committee' for formulating and recommending to the Board of Directors a Corporate Social Responsibility Policy for the Company, which shall indicate the activities to be undertaken by the Company as specified in the Companies Act, 2013 and the Rules made thereunder.

The Corporate Social Responsibility Committee recommends the amount of expenditure to be incurred by the Company on CSR activities and monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the year under review, no Meetings of the Corporate Social Responsibility Committee were held.

Composition and attendance of Corporate Social Responsibility Committee

Name of the Director	Position	Category	No. of Meetings attended
Dr. Ravi Penmetsa	Chairman	CEO & Managing Director	N.A
Mr. Moheb Ali	Member	Independent Director	N.A
Mr. Peng Yiran	Member	Director & CFO	N.A

Details of remuneration to Executive Directors

(Rs. in 000's)

Name of the Director	Salary	Commi-ssion	PF	Perqui-sites	Total
Mr. P. V. N. Raju	5,031	-	-	1,033	6,064
Dr. Ravi Penmetsa	21,143	53,970	1,080	1,938	78,131
Mr. B. Narasimha Rao (resigned w.e.f. 3rd Oct, 2017)	4,402	-	329	459	5,190
Mr. Srinivas Sadu (resigned w.e.f. 3rd Oct, 2017)	5,243	-	348	475	6,066
Mrs. K. Jhansi Lakshmi (resigned w.e.f. 3rd Oct, 2017)	2,744	-	176	304	3,223

Non-Executive Directors

The Company does not pay any remuneration to Non-Executive Directors, except sitting fees for attending the Board of Directors Meetings, reimbursement of travelling and out of pocket expenses for attending such meetings.

Corporate Governance

A separate report on Corporate Governance is included as part of the Annual Report.

Human Relations

The Company continues to have cordial and harmonious relationship with its employees.

Acknowledgements

Your Directors gratefully acknowledge the continued support, co-operation and wise counsel extended by the Government Authorities, Banks and Financial Institutions.

Your Directors place on record their sincere appreciation for the significant contribution made by the employees through their dedication, hard work and commitment.

Your Directors sincerely acknowledge the confidence and faith reposed in the Company by the Shareholders, Medical Profession & trade and other stake holders.

For and on behalf of the Board

Dr. Ravi Penmetsa	**Peng Yiran**
Managing Director & CEO	**Director & CFO**
DIN: 00179939	**DIN: 07675475**

Place: Hyderabad
Date: 21-Aug-2018

ANNEXURE – A (TO THE DIRECTORS' REPORT)

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on financial year ended 31st March, 2018

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

I. Registration and other details:

i) CIN:	U24239AP1978PLC002276
ii) Registration Date	20-03-1978
iii) Name of the Company	Gland Pharma Ltd
iv) Category / Sub-Category of the Company	Company limited by Shares Indian Non-Government Company
v) Address of the Registered office and contact details	#6-3-865/1/2, Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad- 500 016, Telangana
vi) Whether listed company (Y/N)	Unlisted
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt. Ltd. 306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082. Ph: 040-23374967. e-mail: bsshyd@bigshareonline.com. Website: bigshareonline.com

II. Principal business activities of the company

Business activities contributing 10% or more of the total turnover of the company are:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pharmaceuticals	21002 and 21001	100%

III. Particulars of holding, subsidiary and associate companies

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1	Fosun Pharma Industrial Pte. Ltd.	-	Holding	74%	2(46), 2(87) (ii)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters **(1) Indian**									
a) Individual/HUF	12,000	-	12,000	0.08	-	-	-	-	(0.08)
b) Central Govt	-								-
c) State Govt(s)	-								-
d) Bodies Corp.	47,30,250	-	47,30,250	30.53	20,09,487	-	20,09,487	12.97	(17.56)
e) Banks / FI	-								
f) Any Other- Discretionary Trusts	17,52,600	-	17,52,600	11.31	14,11,700	-	14,11,700	9.11	(2.20)
Sub-total (A) (1):-	**64,94,850**	**-**	**64,94,850**	**41.92**	**34,21,187**	**-**	**34,21,187**	**22.08**	**(19.84)**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.*	-	-	-	-	105,23,758	9,42,504	114,66,262	74.00	**74.00**
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**64,94,850**	**-**	**64,94,850**	**41.92**	**139,44,945**	**9,42,504**	**148,87,449**	**96.08**	**54.16**

*Fosum Pharma Industrial Pte. Ltd. acquired 74% of the shareholding of the Company and as the control of the Board and Company is vested in it, it is considered as Promoter of the Company.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-		-	-	-	-	-	-	-
i) Indian	-	15,42,500	15,42,500	9.95	-	6,00,000	6,00,000	3.87	(6.08)
ii) Overseas	58,96,599	-	58,96,599	38.05	-	-	-	-	(38.05)
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	7,500	7,500	0.05	-	7,500	7,500	0.05	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	15,53,496	4	15,53,500	10.03	-	-	-	-	(10.03)
c) Others (specify)	-	-	-	-		-	-	-	-
Sub-total (B)(2):-	74,50,095	15,50,004	90,00,099	58.08	-	6,07,500	6,07,500	3.92	(54.16)
Total Public Shareholding (B)=(B)(1)+(B)(2)	**74,50,095**	**15,50,004**	**90,00,099**	**58.08**	**-**	**6,07,500**	**6,07,500**	**3.92**	**(54.16)**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**139,44,945**	**15,50,004**	**154,94,949**	**100**	**139,44,945**	**15,50,004**	**154,94,949**	**100**	-

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. P.V.N.Raju & Mrs. K.Jhansi Lakshmi (Trustees of M/s. Surya Trust)	2,00,900	1.30	-	-	-	-	(1.30)
2.	Mrs. K. Jhansi Lakshmi	12,000	0.08	-	-	-	-	(0.08)
3.	Gland Celsus Bio-Chemicals Private Ltd	40,29,628	26.01	-	20,09,487	12.97	-	(13.04)
4.	Ethigen Labs Pvt. Ltd.	3,50,000	2.26	-	-	-	-	(2.26)
5.	Questar Laboratories Private Ltd	3,50,622	2.26	-	-	-	-	(2.26)
6.	RP Advisory Services Pvt Ltd (Trustee of Empower Discretionary Trust)	7,86,700	5.08	-	7,86,700	5.08	-	-
7.	RP Advisory Services Pvt Ltd (Trustee of Nilay Discretionary Trust)	4,75,000	3.07	-	3,75,000	2.42	-	(0.65)
8.	B. Narasimha Rao (Trustee of Rivendell Discretionary Trust)	2,90,000	1.87	-	1,00,000	0.65	-	(1.22)
9.	RP Advisory Services Pvt Ltd (Trustee of Odin Discretionary Trust)	-	-	-	1,50,000	0.97	-	0.97
10.	Fosun Pharma Industrial Pte. Ltd	-	-	-	114,66,258	74.00	-	74.00
11.	Lustrous Star Ltd	-	-	-	01	0.0	-	0.0
12.	Regal Gesture Limited	-	-	-	01	0.0	-	0.0
13.	Ample Up Ltd	-	-	-	01	0.0	-	0.0
14.	Fosun Industrial Co. Ltd	-	-	-	01	0.0	-	0.0

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

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Mr. P.V.N. Raju & Mrs. K. Jhansi Lakshmi (Trustees of M/s. Surya Trust)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,00,900	1.30%	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 2,00,900 shares were transferred to Fosum Pharma Industrial Pte. Ltd. on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	**Mrs. K. Jhansi Lakshmi**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	12,000	0.08%	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 12,000 shares were transferred to Fosum Pharma Industrial Pte. Ltd. on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	**Gland Celsus Bio-Chemicals Private Limited**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	40,29,628	26.01%	20,09,487	12.97%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 20,20,141 shares were transferred to Fosum Pharma Industrial Pte. Ltd. on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			20,09,487	12.97%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4.	**Ethigen Labs Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,50,000	2.26%	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 3,50,000 shares were transferred to Fosum Pharma Industrial Pte. Ltd. on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	**Questar Laboratories Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,50,622	2.26%	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 3,50,622 shares were transferred to Fosum Pharma Industrial Pte. Ltd. on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	**RP Advisory Services Private Limited (holding shares for the beneficial interest of Empower Discretionary Trust)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7,86,700	5.08%	7,86,700	5.08%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change			
	At the End of the year (or on the date of separation, If separated during the year)			7,86,700	5.08%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	**RP Advisory Services Private Limited (holding shares for the beneficial interest of Nilay Discretionary Trust)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4,75,000	3.07%	5,86,066	3.78%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 1,11,066 shares were transferred from KKR Floorline Investments Pte. Ltd on 27th Sep, 2017. (ii) 2,11,066 shares were transferred to Fosun Pharma Industrial Pte. Ltd on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			3,75,000	2.42%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8.	**Mr. B. Narasimha Rao (holding shares for the beneficial interest of Rivendell Discretionary Trust)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,90,000	1.87%	1,00,000	0.65%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 1,90,000 shares were transferred to Fosum Pharma Industrial Pte. Ltd. on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	1,00,000	0.65%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9.	**RP Advisory Services Private Limited (holding shares for the beneficial interest of Odin Discretionary Trust)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	468,366	3.02%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 468,366 shares were transferred from KKR Floorline Investments Pte. Ltd on 27th Sep, 2017. (ii) 3,18,366 shares were transferred to Fosun Pharma Industrial Pte. Ltd on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	1,50,000	0.97%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
10.	**Fosun Pharma Industrial Pte. Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	105,23,758	67.91%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) Shares were purchased on 3rd Oct, 2017 from the below mentionedpromoters			

Name of the Promoter	No. of shares
Mr. PVN Raju & Smt. K. Jhansi Lakshmi (Trustees of M/s. Surya Trust)	2,00,900
Mrs. K. Jhansi Lakshmi	12,000
Gland Celsus Bio Chemicals Pvt Ltd	20,20,141
Ethigen Labs Pvt Ltd	3,50,000
Questar Laboratories Pvt Ltd	3,50,622
RP Advisory Services Pvt Ltd (Trustee of Nilay Discretionary Trust)	2,11,066
B. Narasimha Rao (Trustee of Rivendell Discretionary Trust)	1,90,000
RP Advisory Services Pvt Ltd (Trustee of Odin Discretionary Trust)	3,18,366
Total	**36,53,095**

(ii) **53,17,167** shares were acquired from KKR Floorline Investments Pte. Ltd on 3rd Oct, 2017.

(iii) Shares were purchased on 3rd Oct, 2017 from the below mentioned Shareholder

Name of the Shareholder	No. of shares
Mr. Udo J. Vetter	447,396
Mrs. Cornelia Vetter Kherkhoff	3,38,600
Mrs. Bianca Maria Vetter	3,38,600
Mr. Klaus Schoenwetter	1,08,700
Mrs. Kaara Radon	3,20,200
Total	**15,53,496**

(iv) 942,500 'Compulsorily Convertible Preference Shares' (CCPS) were allotted on 3rd October, 2017. The same were converted into Equity Shares on 7th Feb, 2018.

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	At the End of the year (or on the date of separation, If separated during the year)			114,66,258	74.0%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
11.	**Lustrous Star Ltd (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	01	0.0%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) One share was acquired from Mr. Udo J. Vetter on 3rd Oct, 2017			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	01	0.0%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
12.	**Regal Gesture Ltd (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	01	0.0%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) One share was acquired from Mr. Udo J. Vetter on 3rd Oct, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			01	0.0%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
13.	**Ample Up Ltd (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	01	0.0%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) One share was acquired from Mr. Udo J. Vetter on 3rd Oct, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			01	0.0%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
14.	**Fosun Industrial Co. Ltd (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	01	0.0%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) One share was acquired from Mr. Udo J. Vetter on 3rd Oct, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			01	0.0%

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

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Jeshta Farms Private Limited**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	**Satabisha Agro Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	**Sravana Agro Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4.	**Rohini Bio-Tech Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	**Chitta Farms Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	**Punarvasu Bio-tech Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	**Hastha Agro Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8.	**Hansagiri Greenlands Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9.	**Vishnupadi Greenlands Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
10.	**Arunagiri Agro Farms Pvt Ltd**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	**No change in shareholding.**			
	At the End of the year (or on the date of separation, If separated during the year)			60,000	0.39%

(iv) Shareholding of Directors: (Mention for each Director)

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Mr. P.V.N. Raju (holding shares for the beneficial interest of Surya Trust)**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,00,900	1.38	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 2,00,900 shares were transferred to Fosun Pharma Industrial Pte. Ltd on 3rd October, 2017.			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	**Dr. Ravi Penmetsa**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	-			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	**Mr. Udo J. Vetter**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4,47,400	2.89	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	(i) 4,47,400 shares were transferred to Fosun Pharma Industrial Pte. Ltd and to its affiliates on 3rd October, 2017			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4.	**Mr. Chen Qiyu**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	-			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	**Mr. Moheb Masthan Ali**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	-			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	**Mr. Wu Yifang**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	-			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	**Mrs. Guan Xiaohui**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	-			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8.	**Mr. Peng Yiran**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	-			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9.	**Mr. Li Dongming**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	-			
	At the End of the year (or on the date of separation, If separated during the year)			-	-

V. Indebtedness

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

	Secured Loans Excluding deposits	Unsecured Loans	Trade Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	63,758,466	3,670,000	67,428,466
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**63,758,466**	**3,670,000**	**67,428,466**
Change in Indebtedness during the financial year				
• Addition	-	-	1,900,000	1,900,000
• Reduction	-	(4,602,987)	-	(4,602,987)
Net Change	-	(4,602,987)	1,900,000	(4,602,987)
Indebtedness at the end of the financial year				
i) Principal Amount	-	59,155,479	5,570,000	64,725,479
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**59,155,479**	**5,570,000**	**64,725,479**

VI. Remuneration of directors

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

(in INR 000's)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Mr. P.V.N. Raju	Dr. Ravi Penmetsa	Mr. B. Narasimha Rao	Mr. Srinivas Sadu	Smt. K. Jhansi Lakshmi	
1.	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	5,031	21,143	4,402	5,243	2,744	38,562
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,033	1,938	459	475	304	4,208
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-	--
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	53,970	-	-	-	53,970
5.	Others, please specify (PF)	-	1,080	329	348	176	1,933
	Total (A)	**6,064**	**78,131**	**5,190**	**6,066**	**3,223**	**98,674**
	Ceiling as per Companies Act, 2013						**511,428**

B. Remuneration to other directors:

(in INR)

Sl. No.	Name of the director	Particulars of remuneration			Total amount
		Sitting fees	Commission	Others	
1.	**Independent directors**				
	(i) Mr. Moheb Masthan Ali	1,20,000	-	-	1,20,000
	(ii) Mr. Davinder Singh Brar	20,000	-	-	20,000
	Total (1)	**140,000**	**-**	**-**	**1,40,000**
2.	**Other Non-Executive Directors**				
	(i) Mr. Udo J. Vetter	-	-	-	-
	(ii) Mr. Sanjay Omprakash Nayar	-	-	-	-
	(iii) Mr. Karan Swani	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**
	Total (B) = (1+2)	**1,40,000**	**-**	**-**	**1,40,000**

C. **Remuneration to Key Managerial Personnel other than Managing Director/ Whole-time director/Manager:**

(in INR 000's)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total amount
		CEO	Company Secretary	CFO*	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	2,418	-	2,418
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify........	-	-	-	-
5.	Others, please specify (PF and Gratuity)	-	174	-	174
	Total	**-**	**2,592**	**-**	**2,592**

* Mr. B. Narasimha Rao was the CFO of the Company who was also a Whole-time Director. Remuneration paid to him was shown in Part A above.

* No remuneration was paid to Mr. Peng Yiran as CFO of the Company.

VII. Penalties / punishment/ compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other officers in default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Peng Yiran
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 21-Aug-2018

ANNEXURE – B (TO THE DIRECTORS' REPORT)

Criteria for determining the Independence of a Director

1. **Definition of Independence:**

A director will be considered as an "independent director" if the person meets with the criteria for 'independent director' as laid down in the Act, which is as follows:

"An independent director in relation to a company, means a Director other than a Managing Director or a Whole-time Director or a Nominee Director—

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives (i) is holding any security of or interest in the Company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year; Provided that the relative may hold security or interest in the Company of face value not exceeding Rs. 50 Lakhs or two percent of the paid-up capital of the Company, its holding, subsidiary or associate company or such higher sums as may be prescribed; (ii) is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amounts as may be prescribed during the two immediately preceding financial years or during the current financial year; (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its Holding, subsidiary or associate company or their promoters, or directors of such holding Company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or (iv) has any other pecuniary transaction or relationship with the Company or its subsidiary or its Holding or Associate Company amounting to two percent or more of its Gross turnover or total income singly or in combination with the transactions referred to in subclause (i), (ii) or (iii).

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the Company; or

(iv) is a Chief Executive or Director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company, or

(f) who possess such other qualifications as may be prescribed.

2. **Qualifications of Directors**

The Board of Directors of the Company did not prescribe any specific qualifications for an individual to be appointed as a Director of the Company. However, while nominating an individual as a Director of the Company, the Board shall ensure that-

a) a transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender.

b) The Board of Directors shall have an appropriate blend of functional and industry expertise.

c) The function and domain expertise of the individual contributes to the overall skill-domain mix of the Board of Directors.

d) Independent Directors ("ID") ideally should be thought/ practice leaders in their respective functions/ domains.

3. Positive attributes of Directors

Directors are expected to comply with duties as provided in the Companies Act, 2013 ('Act'). For reference, the duties of the Directors as provided by the Act are as follows:

a) act in accordance with the Articles of the Company.

b) act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

c) exercise duties with due and reasonable care, skill and diligence and exercise independent judgment.

d) not be involved in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

e) not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates.

f) not assign his office.

Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to section 149(8) of the Act. The Code specifies the guidelines of professional conduct, role and function and duties of Independent Directors. The guidelines of professional conduct specified in the Code are as follows:

"An independent director shall:

a) uphold ethical standards of integrity and probity;

b) act objectively and constructively while exercising his duties;

c) exercise his responsibilities in a bonafide manner in the interest of the Company;

d) devote sufficient time and attention to his professional obligations for informed and balanced decision making;

e) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;

f) not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

g) refrain from any action that would lead to loss of his independence;

h) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;

i) assist the company in implementing the best corporate governance practices."

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Peng Yiran
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 21-Aug-2018

ANNEXURE – C (TO THE DIRECTORS' REPORT)

Form No. AOC-2

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

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

1.	**Details of contracts or arrangements or transactions not at arm's length basis**		
	(a)	Name(s) of the related party and nature of relationship	NIL
	(b)	Nature of contracts/arrangements/transactions	NIL
	(c)	Duration of the contracts /arrangements/transactions	N.A
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A
	(e)	Justification for entering into such contracts or arrangements or transactions	N.A
	(f)	Date(s) of approval by the Board	N.A
	(g)	Amount paid as advances, if any	N.A
	(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	N.A

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

(a) Salient terms of the contracts or arrangements or transactions including the value, if any:

Sl. No	Name of Related Party	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions (Rs.)
1.	Dhananjaya Properties LLP	Rent Payment	-	20,16,000
2.	Sasikala Properties LLP	Rent Payment	-	12,61,679
3.	Sri. P.V.N. Raju	Rent Payment	-	2,03,772
4.	Mrs. K. Jhansi Lakshmi	Rent Payment	-	13,58,877
5.	Smt. P. Suryakantham	Rent Payment	-	2,03,772
6.	Sri. K. Praveen Kumar	Rent Payment	-	86,622
7.	Gland Chemicals Private Limited	Purchase of raw materials Sale of Goods	- -	78,25,53,329 8,52,52,680
8.	Nicomac Clean Rooms Far East Private Limited	Purchase of Capital goods	-	2,41,76,408
9.	Moreschi Asia Doors Private Limited	Purchase of Capital goods	-	11,59,220
10.	Gland Celsus Bio chemicals Private Limited	Sale of Vehicles	-	6,25,000
11.	Chongqing Pharmaceutical Research Institute Co., Ltd	Purchase of raw materials	-	7,54,40,892

(b) Date(s) of approval by the Board, if any: Not applicable

(c) Amount paid as advances, if any: NIL

*N.A- Not Applicable

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Peng Yiran
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 21-Aug-2018

ANNEXURE – D (TO THE DIRECTORS' REPORT)

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

The Company has been taking adequate measures to reduce energy consumption at all levels. The details of consumption of electrical energy are given below:

POWER AND FUEL CONSUMPTION	2017-18	2016-17
a) Electricity		
Units purchased	67,315,101	61,711,212
Total Amount In Rupees	410,340,083	338,518,857
Unit Rate in Rupees	6.10	5.49
b) Own generation through Diesel Generators:		
Units	1,062,866	536,413
Units per litre of Diesel Oil	3.82	3.66
Cost per Unit in Rs.	12.09	13.76

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

No alternative source of energy was used during the period under review.

Capital investment on energy conservation equipment: Nil

Consumption per unit of production:

Products Electricity (Units) Coal (D/C Grade) Others (Specify)	Since the Company manufactures different types of Formulations and Active Pharmaceutical Ingredients, it is not practicable to give consumption per unit of production.

B. Technology absorption

RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R&D is carried out by the Company.	Formulation Development, Analytical Method Development, Stability studies and Development of new products.	
2. Benefits derived as a result of the above R&D	Developed new products and achieved cost and process efficiencies on existing products.	
3. Future plan of action	To develop processes for newer products and intermediates.	
4. Expenditure on R&D	2017-18 (Rs. in Mn)	2016-17 (Rs. in Mn)
a) Capital	43.89	16.85
b) Recurring	619.51	583.92
c) Total	663.39	600.76
d) Total R&D Expenditure as a Percentage of Sales	4.09%	4.03%

Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption and adoption.	Works on Basic Drugs and Formulations related to the Company's existing activities at various levels of Development.
2. Benefits derived as a result of the above efforts.	Developed new products and achieved cost and process efficiencies on existing products.
3. Information regards import of technology during the last 3 years.	NIL

Particulars of Foreign Exchange Earnings and Outgo

(Amount in Rs.)

PARTICULARS	2017-18	2016-17
1. Foreign Exchange Earnings:		
In USD	205,836,006	170,244,517
In EURO	933,552.805	3,088,756
Equivalent In INR	13,172,130,618	11,493,343,078
2. Foreign Exchange Outgo:		
Capital Expenditure		
In USD	1,651,392	5,858,761
In EURO	1,386,534	2,065,628
Equivalent In INR	219,243,761	553,900,994
Revenue Expenditure		
In USD	75,115,276	52,416,195
In EURO	7,298,596	6,032,912
Equivalent In INR	5,457,794,692	3,981,263,375
Payment to Financial Institutions	-	-

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Peng Yiran
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 21-Aug-2018

ANNEXURE – E (TO THE DIRECTORS' REPORT)

ANNUAL REPORT ON CSR ACTIVITIES

A brief outline of the Company's CSR policy, including an overview of projects or programmes proposed to be undertaken by the Company

1. Overview :

(i) Outline of CSR policy

The 'Gland CSR Policy' encompasses the Company's (Gland) philosophy of "Serving Society through Industry" and is designed to employ Company's resources, strengths and strategies in discharging its responsibility as a Corporate Citizen.

Gland continues to strive to transform the business environment in which it operates. It also works for the transformation of the Society. The aim of Gland is to create an environment which enhances opportunities for all the good things, better education and overall quality of living that life has to offer. Gland designs its CSR initiatives in alignment with its objective of enhancing the quality of life in all aspects.

The Objective of the Gland CSR Policy is to:

(i) Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

(ii) To directly or indirectly take up programs that benefit the communities, preferably but not necessarily in & around its Plants and offices.

The Corporate Social Responsibility Committee (CSR Committee) of the Board of Directors of the Company has the power to approve the projects / programmes, for which the Annual CSR budget should be spent. However, the amount shall be spent on those activities as mentioned under Schedule VII of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

Gland follows a project based accountability approach to assess the sustainability of the project through its action plan to qualify as 'short-term' and 'long-term' initiatives.

To ensure effective implementation of the CSR programs undertaken, a monitoring mechanism will be put in place at the Head Office. The progress of CSR programs under implementation at various locations will be reported to Head Office on a monthly basis and the Head Office will report to the Committee on a quarterly basis.

The CSR Department at the Head Office will conduct impact studies on a periodical basis, through independent professional third parties / professional institutions, especially on a strategic and high value programs.

(ii) CSR projects:

The CSR Committee is considering various options to identify the CSR projects to be undertaken by the Company. The various CSR activities that have been considered by the Committee to be taken up in villages in and around the Manufacturing Plants of the Company include (i) Safe Drinking Water facility (ii) Street Lighting (iii) Construction of Toilets in Schools, especially for girls (iv) Facilitating monetary assistance for education of girls (v) Providing furniture to Government Schools, (vi) Desilting and Maintenance of Tanks and Lakes and conservation of water bodies, etc.

During the financial year 2017-18, the Company has contributed Rs. 68.23 Lakhs for ensuring environmental sustainability, ecological balance by planting trees in alignment with the programmes undertaken by the Government; and for Rural Development projects.

2. Composition of CSR Committee :

The CSR Committee of the Board of Directors of the Company comprises (i) Dr. Ravi Penmetsa, Managing Director & CEO (ii) Mr. Moheb Ali, Independent Director and (iii) Mr. Peng Yiran, Director & CFO.

3. Average Net Profit of the Company for last three financial years : Rs. 436.78 crores

4. Prescribed CSR Expenditure for Financial year 2017-18 (2% of the amount as in item 2 above): Rs. 8.73 crores

5. Details of CSR Spending during the financial year:

(a) Total amount to be spent during the Financial year: Rs.8.73 crores

(b) Amount unspent, if any: Rs.8.053 crores (Amount unspent as on 31st March, 2018 : Rs. 24.38 crores)

(c) Manner in which the amount was spent during the financial year : The Company has contributed Rs. 50.00 Lakhs for plantation of trees in alignment with 'Haritha Haram' programme undertaken by Government of Telangana. An amount of Rs. 18.22 Lakhs were spent on Rural Development projects including installation of CCTV cameras for increasing security to women and for providing rural infrastructure in villages.

6. **In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, reasons for not spending the amount:**

The Company is making efforts to identify various projects for spending the amount unspent.

7. Responsibility Statement of CSR Committee of Board:

The CSR Committee of the Company's Board states that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Dr. Ravi Penmetsa	**Peng Yiran**
Managing Director & CEO	Director & CFO
DIN: 00179939	DIN: 07675475

Place: Hyderabad
Date: 21-Aug-2018

ANNEXURE – F (TO THE DIRECTORS' REPORT)

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

To,
The Members,
Gland Pharma Limited

We were appointed by the Board of Directors of Gland Pharma Limited ("the Company") to conduct the Secretarial Audit for the financial year ended March 31, 2018.

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

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Gland Pharma Limited** ("the Company") for the financial year ended on **31st March, 2018** according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made there under;

II. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

III. Foreign Exchange Management Act,1999 and Rules and Regulations made thereunder to the extent of Foreign Direct Investment.

IV. The Company has identified the following general laws which are applicable to them:

1. The Minimum Wages Act,1948
2. The Payment of Wages Act, 1936
3. The Employees' Provident Funds & Misc. Provisions Act 1952 and E.P.F Scheme 1952
4. The Employees' State Insurance Act, 1948 and Employees' State Insurance (General) Regulations 1950
5. The Payment of Gratuity Act 1972 and The A.P. Payment of Gratuity Rules, 1972
6. The Contract Labour (Regulation and Abolition) Act, 1970
7. The Employment Exchanges (Compulsory Notification of vacancies) Act, 1959
8. The Factories Act, 1948
9. Industrial Employment (Standing Orders) Act, 1946
10. The National Festival and Other Holidays Act, 1974
11. The Maternity Benefit Act, 1961
12. The Payment of Bonus Act, 1965
13. The Shops & Establishment Act, 1988
14. The Labour Welfare Fund Act, 1987
15. The Equal Remuneration Act, 1976
16. The Child Labour (Regulation & Prohibition) Act, 1986
17. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
18. The Workmen Compensation Act
19. Industrial Disputes Act, 1947

V. The Company has identified only the following Industry specific laws which are applicable to them:

i. Drugs and Cosmetics Act, 1940;
ii. Drugs (Price Control) Order, 1995;
iii. Narcotic Drugs and Psychotropic Substances Act, 1985;
iv. The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
v. Air (Prevention and Control of Pollution) Act, 1981;
vi. Water (Prevention and Control of Pollution) Act, 1974;
vii. Environment Protection Act, 1986;

viii. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;

ix. Hazardous Chemicals Rules, 1989;

x. Public Liability Insurance Act, 1991;

xi. Poisons Act, 1919;

xii. Legal Metrology Act, 2009;

xiii. Petroleum Act, 1934;

xiv. Indian Electricity Act, 2003;

xv. Pharmacy Act, 1948;

xvi. Special Economic Zones Act, 2005;

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) which the company is in the process of adopting.

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

We further report that

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

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

During the period under review, resolutions were carried through majority decisions. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

Based on the information, documents provided and the representations made by the Company, its officers during our audit process and also on review of the compliance reports taken on record by the Board of Directors of the Company periodically, in our opinion, there are adequate systems and processes exists in the Company to commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by us since the same have been subject to review by statutory auditors and other professionals.

We further report that following were the major events during the audit period:

a. The Company has issued 942,500 Compulsorily Convertible Preference Shares of Rs. 10/- each to Fosun Pharma Industrial Pte. Ltd which were later converted into 942,500 equity shares of Rs. 10/- each.

b. The Company has bought back 942,500 equity shares of Rs. 10/- each through tender offer method.

c. The Company has amended the Articles of Association of the Company.

d. Mr. Peng Yiran was appointed as the Chief Financial Officer of the Company in place of Mr. B Narasimha Rao who resigned during the year.

e. The Company has become 74% subsidiary of Fosun Pharma Industrial Pte. Ltd.

For BS & Company Company Secretaries LLP
(Formerly BS & Company, Company Secretaries)

Date: 17.08.2018
Place: Hyderabad

Soumya Dafthardar
Designated Partner
ACS No.: 29312
C P No.: 13199

Note: This report is to be read with our letter of even date which is annexed as **'Annexure'** and forms an integral part of this report.

ANNEXURE

To,
The Members,
Gland Pharma Limited
Hyderabad

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

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of applicable laws, rules and regulations, etc.
5. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, secretarial standards issued by ICSI is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For BS & Company Company Secretaries LLP
(Formerly BS & Company, Company Secretaries)

Date: 17.08.2018
Place: Hyderabad

Soumya Dafthardar
Designated Partner
ACS No.: 29312
C P No.: 13199

ANNEXURE – G
(TO THE DIRECTORS' REPORT)

Information pursuant to Rule 5(2) and 5(3) of
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Dr. Ravi Penmetsa	Mr. B. Narasimha Rao	Mr. Srinivas Sadu	Smt. K. Jhansi Lakshmi
Designation	CEO & Managing Director	Whole-time Director & CFO (Resigned w.e.f. 3rd October 2017)	Whole-time Director & COO (Resigned as WTD w.e.f. 3rd October 2017)	Whole-time Director (Resigned w.e.f. 3rd October 2017)
Gross Remuneration	Rs. 78.13 Million	Rs. 5.19 Million	Rs. 11.52 Million	Rs.3.22 Million
Nature of Employment	No specific contract	No specific contract	No specific contract	No specific contract
Qualifications	M.D	M.com	M.S (Industrial Pharmacy) & MBA	B.A
Experience	25 years	37 years	22 Years	23 years
Age	61 years	59 years	48 years	63 years
Date of commencement of employment with Company	21-10-1992	01-01-1986	01-08-2000	15-11-1995
Previous Employments	Medical Practitioner in U.S.	Nagarjuna Construction Corporation (currently known as NCC Limited)	Natco Pharma Limited	NIL
Percentage of equity shares held by the employee in the Company directly by himself	NIL	NIL	NIL	NIL
Name of the Director who is a relative	Mr. P.V.N. Raju (Father) Smt. K. Jhansi Lakshmi (Sister) (Resigned w.e.f. 3rd Oct, 2017)	-	-	Mr. P.V.N. Raju (Father) Dr. Ravi Penmetsa (Brother)

Note: Remuneration include salary, allowances, Company's contribution to Provident Fund, Commission and perquisites

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Peng Yiran
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 21-Aug-2018

CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

The Company believes that all its activities should reflect good corporate governance practices. This would ensure efficient conduct of the affairs of the Company and help in maximizing value for all its stakeholders. Corporate Governance brings about sustained growth and long term benefits for the stakeholders. It is a system by which the organization will be driven and controlled by its commitment to values and ethical business conduct, voluntary practices and compliance with laws and regulations paving way to preserving shareholders' trust while maximizing long-term corporate value.

The Company will continue to employ its resources, strengths and strategies to achieve its vision, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company.

This philosophy is backed by the principles of concern, commitment, quality and integration in all its acts and relationships with its employees, customers, associates and consumers at large which has always propelled the group towards higher horizons. The Company follows a tradition of fair, transparent and ethical governance practices.

The Company believes that sound governance practices and responsible corporate behavior contribute to superior long-term performance of the Company. The Company is committed to adhere to good corporate governance principles as embodied in its governance policy.

The Company will continue to implement the code of Corporate Governance in true spirit for increasing the wealth and long term benefits for stakeholders over a sustained period of time.

Board of Directors

Composition

As on 31st March, 2018, The Board of Directors consists of Nine Directors, consisting of two Executive Directors, five Non-Executive Directors and two Independent Directors.

The Board is classified broadly as follows:

Sl. No.	Name of the Director	Status	Category
1	Mr. Chen Qiyu	Chairman	Non-Executive Director
2	Mr. P. V. N. Raju	Honorary Chairman	Promoter & Executive Director
3	Dr. Ravi Penmetsa	CEO & Managing Director	Promoter & Executive Director
4	Mr. Peng Yiran	Director & CFO	Non-Executive Director
5	Mr. Wu Yifang	Director	Non-Executive Director
6	Mr. Dongming Li	Director	Non-Executive Director
7	Ms. Guan Xiaohui	Director	Non-Executive Director
8	Mr. Udo J. Vetter	Director	Independent Director
9	Mr. Moheb Ali	Director	Independent Director

Board Meetings & Procedures

The Board meets at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business. Information and data that are important to the Board's understanding of the business in general and relating to matters are tabled for discussion. The Agenda and relevant enclosures are distributed to the members of the Board sufficiently in advance of the meeting. The meetings of the Board of Directors are generally held at Company's Registered Office or Plants at Hyderabad, and are scheduled well in advance.

Number & Dates of Board Meetings held during the year

During the year, the Board met 7 times. The dates on which the meetings were held are 27th June, 2017; 1st September, 2017; 15th September, 2017; 3rd October, 2017; 3rd October, 2017 (twice on the same day); 13th October, 2017 and 7th February, 2018.

Attendance of the Directors at the Board Meetings during the financial year 2017-18 and last Annual General Meeting:

Sl. No.	Name of the Director	Particulars		
		No. of Board Meetings Director was entitled to attend	No. of Board Meetings Participated	Last AGM (27.09. 2017)
1	Mr. Chen Qiyu	2	2	N.A
2	Mr. P.V.N. Raju	7	5	Yes
3	Dr. Ravi Penmetsa	7	7	Yes
4	Mr. Wu Yifang	2	2	N.A
5	Mr. Dongming Li	-	-	N.A
6	Ms. Guan Xiaohui	2	2	N.A
7	Mr. Peng Yiran	2	2	N.A
8	Mr. Moheb Ali	7	6	Yes
9	Mr. Shao Ying	2	2	N.A
10	Mr. Udo J Vetter	5	1	No
11	Mr. Srinivas Sadu	5	5	No
12	Mr. B. Narasimha Rao	5	5	Yes
13	Mr. Karan Swani	5	1	No
14	Mr. Sanjay Nayar	5	-	No
15	Mr. D. S. Brar	7	1	No
16	Mrs. K. Jhansi Lakshmi	5	5	Yes

General Body Meetings

Particulars of last three Annual General Meetings:

AGM	Year ended	Venue	Date	Time
39th	31-03-2017	Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016	27.09.2017	11.00 A.M
38th	31-03-2016	Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016	26.09.2016	11.00 A.M
37th	31-03-2015	Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016	28.09.2015	11.00 A.M

General Shareholder Information

1. Annual General Meeting

Date	:	17th September, 2018
Time	:	11:00 A.M.
Venue	:	Registered Office at Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016.

2. Financial Year : From 1st April 2017 to 31st March 2018.

Address for correspondence (Registered Office)

The Company Secretary
Gland Pharma Limited
6-3-865/1/2, Flat No. 201, Greenland Apartments
Ameerpet, Hyderabad-500 016
E-Mail: sampath@glandpharma.com

For and on behalf of the Board

Dr. Ravi Penmetsa
Managing Director & CEO
DIN: 00179939

Peng Yiran
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 21-Aug-2018

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles (GAAP) in India. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the statements reflect, in a true and fair manner, the state of affairs and profits for the year. This report may also contain certain statements, published in various research reports and magazines, that the Company believes are or may be considered to be 'forward looking statements' which are subject to certain risks and uncertainties.

Global Economy:

The global economy remains trapped in a prolonged period of slow economic growth and dwindling international trade growth. The weaker-than-expected growth performances in Japan, the United States of America and in several countries in Africa, the Commonwealth of Independent States (CIS) and Latin America and the Caribbean have contributed to this downward revision relative to forecasts presented in the World Economic Situation and Prospects (WESP) 2016 (United Nations, 2016). The prolonged sluggishness in the global economy has been characterized by a widespread slowdown of productivity growth in many parts of the world, weak investment, low wage growth, low inflation and rising debt levels. The relatively slow pace of economic growth will hamper progress towards achieving the Sustainable Development Goals (SDGs), as defined in the 2030 Agenda for Sustainable Development, which was adopted by the Member States of the United Nations in 2015. If downside risks to the outlook were to materialize, this could push global growth rates down even further, with additional setbacks towards achieving the SDGs, particularly the goals of eradicating extreme poverty and creating decent work for all.
Source: World Economic Situation and Prospects (WESP)

Activity in advanced economies is expected to grow 2.2 percent in 2018 before easing to a 2 percent rate of expansion next year, as central banks gradually remove monetary stimulus. Growth in emerging market and developing economies overall is projected to strengthen to 4.5 percent in 2018, before reaching 4.7 percent in 2019 as the recovery in commodity exporters matures and commodity prices level off following this year's increase.
(Source: Global Economic Prospects, A World Bank Group Flagship Report)

In emerging market and developing economies, growth came primarily from acceleration in private consumption and an end to the investment contractions in commodity exporting countries. Amongst these, growth in China and India was supported by resurgent net exports and strong private consumption respectively, whereas improved commodity exports and easing of monetary policy were key drivers of the growth in Russia and Brazil.

Global growth is projected to further strengthen to 3.9% in 2018 and 2019. This short term growth is anticipated in advanced economies by positive macroeconomic effects of the December 2017 US tax reform and stronger prospects in euro market countries and in emerging market.

Global Pharma Market

The global pharmaceutical sales grew by around 3% in the year 2017 compared to the year 2016 and key growth drivers continue to be shifted towards use of generic medicines accompanied by patent expiries mainly in the regulated market and higher growth in Pharmerging markets. The largest pharmaceutical market, US is estimated to be approximately US$ 453 Bn in 2017 registering a growth of around 1.4% (compared to 5.8% in 2016). Lower price increases for the protected branded products, price erosion for generics along with lower growth from new product launches led to reduced growth rate in 2017. The market is expected to grow at a CAGR of 4% to 7% through 2022 due to launches of more innovative medicines, and be offset by slower price growth and the increasing impact of patent expiries. The global spending on medicines is forecasted to reach close to US$ 1.4 trillion by 2022, an increase of about 26% over the 2017 level, growing at 3% to 6% slower than 6.2% growth over prior five years. Developed market spending growth will be driven by original brands and innovation in specialty medicines.

Global generics market

The global generic drug market is estimated to grow at 10.8% CAGR for the 2016-21 period to reach US$ 380.6 Bn by 2021. Governments worldwide are facing pressures of rising healthcare costs, thus emphasising on the importance of generics and their role in making pharmaceutical products affordable to those in need. Patent expiry for branded drugs in developed markets has a bearing on the potential of generics in those markets. In the emerging world, the branded generics markets will be driven primarily by rising per capita incomes, increasing healthcare awareness and enhanced incidence of chronic ailments. In terms of value and volumes, generics now make up around 28% and 80% respectively, of drugs dispensed around the world and that percentage will continue to grow as more drugs lose patent protection. The market of the generic drugs consists of both branded generics and non-branded generics. US is currently dominating world's generic market. With 90% of prescriptions being dispensed in 2017 being generics, it currently represents a multi-billion dollar industry. The biggest catalysts of this industry being lower priced generics launched after patent expiries of branded drugs, rising ageing population, increasing prevalence of chronic diseases, continuous efforts by Government and health care service providers to control their healthcare expenditures, etc. are expected to fuel growth in coming years. Amongst emerging economies, China, India, Brazil and Russia are expected to exhibit a significant increase in generic volume growth.

Opportunities for generics remain strong and positive across the globe, with an increasing demand for affordable, safe, and effective medicines. The need to control costs remains a challenge for healthcare providers around the world. The availability of cost-effective, safe generic alternatives offers a tool that can be used to balance access to and affordability of many -major therapies required to maintain a healthy population of patients across multiple disease areas.

Generic Injectables

The global generic injectables market was valued at over US$ 110 Bn in 2018 and is projected to expand at a CAGR of around 13.6% during the forecast period from 2018 to 2025. Rise in pressure to increase health care costs, growth in demand for affordable medicines, expected loss of patents during the forecast period, surge in adoption of biosimilar products, increase in research & development activities for the development of complex molecules suitable for injectable dosage forms, and technological advancements in the form of premixes and prefilled syringes are expected to propel the global generic injectables market. However, uncertainty of regulations in the U.S. for large molecule generic injectables, complexity of the formulation, requirement for high initial investment for injectable manufacturing plant, and stringent regulatory requirements governing sterility requirements of injectables are preventing the entry of new players in the global generic injectables market.

The large molecule injectables segment is anticipated to expand at a rapid pace due to expected patent expiry of blockbuster molecules, rise in incidence of cancer, and rapidly increasing new product launches.

The vials segment held a major share of the market in 2016. However, the prefilled syringes segment is projected to expand at a rapid pace during the forecast period. This is attributed to increase new product launches in the segment, surge in adoption of technologically advanced products, and rise in self-administration of injectables. Moreover, dose accuracy and ease of administration are major benefits of prefilled syringe container type. Prefilled syringes are largely used for the administration of vaccines, blood stimulants, and therapeutic proteins.

The oncology segment is expected to dominate the global generic injectables market due to rise in incidence of cancer, increase in demand for oncology biosimilars, and large number of pipeline products.

Geographically, the global generic injectables market has been segmented into North America, Europe, Asia Pacific, Latin America, and Middle East & Africa. Asia Pacific dominates the global generic injectables market due to high consumption of generic injectable products owing to their affordability over high cost biological and branded products. Moreover, surge in government initiatives to increase adoption of generic products, government support to start a generic medical store, high prevalence of infectious and lifestyle diseases in the region are some factors that are projected to boost the generic injectables market in the region during the forecast period. For example, in 2016, the Government of India launched a scheme named Pradhan Mantri Jan Aushadhi Yojana to support the establishment of generic medical stores in rural areas.

North America is expected to account for the second largest share of the global generic injectables market by 2025 due to expected new abbreviated new drug application (ANDA) approvals by 2020, patent loss of blockbuster biological drugs prescribed in key therapeutic areas such as oncology, and increasing shortages of the generic injectables in the U.S. Europe is a favorable market for biosimilar product launches due to well-established regulations. Moreover, government initiative to reduce the burden of health care cost by supporting the use of generic medicines is making the market expand at a considerable pace.
(Source: Transparency Market Research)

Global Oncology Trends 2018

The number of approved cancer therapies continues to rise, with 63 cancer drugs launching within the past five years. Of the 14 New Active Substance cancer therapeutics launched in 2017 alone, all of them were targeted therapies and 11 of them were granted Breakthrough Therapy designations by the FDA. Global spending on cancer medicines continues to rise with therapeutic and supportive care use at $133 billion globally in 2017, up from $96 billion in 2013. Spending on cancer medicines is heavily concentrated among a handful of therapies, with the top 35 drugs accounting for 80% of total spending, while over half of cancer drugs have less than $90 million in annual sales. List prices of new cancer drugs at launch have risen

steadily over the past decade, and the median annual cost of a new cancer drug launched in 2017 exceeded $150,000 compared to $79,000 for the new cancer drugs launched in 2013.
(Source: IQVIA Institute for Human Data Science Study)

India – Pharmaceutical Scenario:

India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of the global exports in terms of volume. Branded generics dominate the Indian pharmaceuticals market, constituting nearly 70 to 80% of the market. Of late, consolidation has become an important characteristic of the Indian Pharmaceutical Market (IPM) as the industry is highly fragmented.

Indian pharmaceuticals market is expected to touch USD 55 Bn (including Exports) by 2020 from USD 36.7 Bn in 2016, growing at a compound annual growth rate (CAGR) of 15.92%. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. India's Pharmaceutical industry has filed the highest number of Drug Master Files (DMFS) with USFDA and by the end of year 2016, number of filings stands at 3,950. India's Abbreviated New Drug Applications (ANDAs) totaling over 4,000 by June 2017. India's total exports of Pharmaceuticals (APIs, Generics and Alternative system of medicine) during 2016-17 was USD 16.8 Bn. India has a market share of almost 42% of Generic drugs produced globally, a market size of Africa and Middle East put together. North America is India's largest export market, receiving over 34% of India's pharmaceuticals exports. Africa is the second largest, receiving over 19% of India's exports.
Source: http://www.makeinindia.com/sector/pharmaceuticals

India's pharma exports grew 2.91% to $17.27 billion in 2017-18, according to the Pharma Export Promotion Council. India's pharma exports to China increased 44% to $182.67 million in 2017-18.

Financial Performance of the Drugs and Pharmaceuticals Industry

- Indian pharmaceutical market grew 5.5 per cent in CY2017 in terms of moving annual turnover. In March 2018, the market grew at 9.5 per cent year-on-year with sales of Rs 10,029 crore (US$ 1.56 billion).

- By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size.

- Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.

GLAND PHARMA

Gland Pharma Facilities have been audited by various Regulatory Authorities like USFDA, ANVISA, DCA, MHRA, etc. and obtaining clearance without any serious qualifications, on a regular basis. The Company is expected to launch some new products in the Regulated Markets this year and is also planning to file new ANDAs. Your Company strives to introduce new products in the Existing as well as New Markets and consistently increase its Revenue and Margins.

Internal Control System

The Company has a well-established internal control framework, which is designed to assess the adequacy and effectiveness of financial and operational controls. The management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets.

The Financial Statements are prepared on the basis of the Significant Accounting Policies which are reviewed and updated from time to time. Your Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. The Audit Committee of the Board review reports submitted by the independent internal auditors and monitor follow-up and corrective action. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

The pharmaceutical industry is highly volatile and competition arises from manufacturers who have similar production facilities manufacturing products at competitive prices. Retention of Human resources with similar skills, talents and experiences poses continuous risk in the industry. Nonetheless there is a risk of inability to maintain current margins on the products with fluctuations in market prices world-wide. Unforeseen changes in the regulatory environment could lead to operational disruptions.

Gland Pharma endeavors to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. The Company is regularly training its human resources with regulatory developments and ensures conformance of the guidelines across the plants.

QUALITY MANAGEMENT

Gland Pharma is committed to implementing a robust quality management system and has distinct procedures and systems in every facility to maintain global quality standards, and to ensure compliance with the requirements of the Current Good Manufacturing Practices (cGMP), WHO and GMP. Gland Pharma ensures that its operating procedures meet the standards of global regulators like USFDA. The Company has well-trained personnel for quality control at each site, who ensure strict adherence to quality systems and procedures.

Cautionary statement:

Some of the statements contained in this report may be forward looking statements within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Factors that could make significant difference to the company's operations include economic conditions, government regulations, etc. on which the company does not have any direct control.

INDEPENDENT AUDITOR'S REPORT

To the Members of Gland Pharma Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Gland Pharma Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Actin the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity 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 1 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 purpose of our audit;

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

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of 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 Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (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 in its Ind AS financial statements – Refer Note 39 to the Ind AS financial statements;

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

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership Number: 102328
Place of Signature: Hyderabad
Date: August 21, 2018

ANNEXURE TO THE AUDIT REPORT

Annexure 1 referred to in paragraph 1 of our report of even date
Re: Gland Pharma Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year ending but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

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

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable to the Company and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Active Pharmaceutical Ingredients and Formulations including Intermediates and services of contract research, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount demanded (Rs. in mn)	Amount paid under dispute (Rs. in mn)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	30.56	5.00	2001-2003	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.99	0.07	2014 - 2015 July 2011	Assistant Commissioner, Hyderabad
Central Excise Act, 1944	Excise Duty	1.00	0.10	2012 - 2014	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	2.45*	0.18	2014 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	28.12*	1.49	2009 - 2014	Customs, Excise and Service Tax Appellate Tribunal

Name of the statute	Nature of dues	Amount demanded (Rs. in mn)	Amount paid under dispute (Rs. in mn)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	0.37	0.37	2004 - 2006	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	15.08*	1.02	2014 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	2.72*	0.10	2014 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	13.21	-	2015 - 2016	Additional Commissioner, Hyderabad
Finance Act, 1994	Service Tax	0.94	-	2015 - 2016	Principal Commissioner, Hyderabad
Finance Act, 1994	Service Tax	86.12	-	2015 - 2016	Principal Commissioner, Hyderabad
Finance Act, 1994	Service Tax	734.22*	27.53	2010 - 2011 and 2012 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Value Added Tax Act, 2005 and CST Act, 1956	Value Added Tax and CST	1.73	1.73	2012-13 and 2013-2014	Telangana Value Added Tax Appellate Tribunal
Entry tax of Goods into Local Areas Act, 2001	Entry Tax	44.40	22.20#	2010-11 to 2015-2016	High court, Hyderabad
Andhra Pradesh VAT Act, 2005	Sales tax	0.99	0.12	1998 -1999 to 2001 - 2002	Appellate Joint Commissioner (Sales tax, Hyderabad)
Income Tax Act, 1961	Income Tax	0.86	0.86	2006– 2007 and 2007-2008	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	143.04	-	2013 - 2014	Commissioner of Income Tax

*Including penalty. #Paid subsequent to year end.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of sales tax loan to the government. The Company has no outstanding dues in respect of banks, financial institutions and debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause (xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. The Company has not made any preferential allotment or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership Number: 102328
Place of Signature: Hyderabad
Date: August 21, 2018

ANNEXURE TO THE AUDIT REPORT

Annexure 2 to the Independent Auditor's report of even date on the financial statements of Gland Pharma 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 Gland Pharma Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 the 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 with reference to these financial statements 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 as specified under section 143(10) of the Companies Act, 2013; to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

A Company's internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements 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 with reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements 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, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership Number: 102328

Place of Signature: Hyderabad
Date: August 21, 2018

GLAND

GLAND PHARMA LIMITED

CIN: U24239AP1978PLC002276

Balance sheet as at March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	**8,426.41**	8,715.81
Capital work in progress	3	**1,988.82**	1,611.50
Financial assets			
Loans	4	**58.84**	55.68
Other non-current financial assets	5	**2.04**	-
Non-current tax assets (net)	7	**198.36**	196.07
Other non-current assets	8	**99.15**	76.89
		10,773.62	10,655.95
Current assets			
Inventories	9	**5,128.30**	3,787.19
Financial assets			
Loans	4	**4.73**	4.00
Trade receivables	6	**4,752.10**	4,178.73
Cash and cash equivalents	10	**3,728.41**	5,330.77
Bank balances other than cash and cash equivalents	11	**2,979.98**	-
Other current financial assets	5	**32.31**	4.42
Other current assets	8	**1,883.96**	776.39
		18,509.79	14,081.50
Total Assets		**29,283.41**	**24,737.45**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**154.95**	154.95
Other equity	13	**23,949.27**	20,743.16
		24,104.22	20,898.11
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**54.89**	59.16
Other financial liabilities	16	**381.33**	392.55
Deferred tax liability (net)	17	**957.47**	853.79
		1,393.69	1,305.50
Current liabilities			
Financial liabilities			
Trade payables	15	**2,924.15**	1,892.89
Other financial liabilities	16	**142.78**	114.86
Provisions	18	**21.09**	22.25
Current tax liabilities (net)	19	**129.00**	-
Other current liabilities	20	**568.48**	503.84
		3,785.50	2,533.84
Total equity and liabilities		**29,283.41**	24,737.45
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad, Date: August 21, 2018

For and on behalf of the Board of Directors
Gland Pharma Limited

Dr. Ravi Penmetsa
Managing Director and Chief Executive Officer
DIN: 0179939

Guan Xiaohui
Director
DIN: 07675466

Yiran Peng
Director and Chief Financial Officer
DIN: 07675475

P. Sampath Kumar
Company Secretary

Place: Hyderabad, Date: August 21, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations (Gross)	21	**16,228.93**	14,916.27
Other income	22	**487.89**	335.61
Total income (I)		**16,716.82**	15,251.88
EXPENSES			
Cost of materials consumed	23	**7,182.98**	4,506.65
Purchase of traded goods		**91.22**	126.94
(Increase)/decrease in inventories of finished goods, stock-in-trade and work-in-progress	24	**(666.66)**	463.72
Excise duty on sale of goods		**29.52**	124.51
Power and fuel		**603.52**	492.42
Employee benefits expense	25	**1,790.80**	1,534.16
Other expenses	26	**1,846.50**	1,417.98
Depreciation expense	3	**782.08**	741.47
Finance cost	27	**41.25**	63.92
Total expenses (II)		**11,701.21**	9,471.77
Profit before tax (I-II)		**5,015.61**	5,780.11
Tax expenses	29		
Current tax		**1,694.59**	1,430.29
Deferred tax charge		**106.34**	208.57
Taxes for earlier years		**3.54**	3.99
Total tax expense		**1,804.47**	1,642.85
Profit for the year		**3,211.14**	4,137.26
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employee defined benefit plans		**7.69**	15.03
Deferred tax credit		**(2.66)**	(5.20)
Total other comprehensive income for the year, net of tax		**5.03**	9.83
Total comprehensive income for the year, net of tax		**3,206.11**	4,127.43
Earnings per share:	30		
Basic, computed on the basis of profit attributable to equity holders		**211.75**	267.01
Diluted, computed on the basis of profit attributable to equity holders		**207.24**	267.01
Summary of significant accounting policies	**2.1**		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: August 21, 2018

For and on behalf of the Board of Directors
Gland Pharma Limited

Dr. Ravi Penmetsa
Managing Director and Chief Executive Officer
DIN: 0179939

Guan Xiaohui
Director
DIN: 07675466

Yiran Peng
Director and Chief Financial Officer
DIN: 07675475

P. Sampath Kumar
Company Secretary

Place: Hyderabad
Date: August 21, 2018

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

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

a. Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid	No.	Rs.
As at April 01, 2016	**15,494,949**	**154.95**
Add: Issued during the year	-	-
As at March 31, 2017	**15,494,949**	**154.95**
Add: Issued during the year	942,500	9.43
Less: Shares bought back during the year	(942,500)	-9.43
As at March 31, 2018	**15,494,949**	**154.95**

b. Other Equity

	Other components of equity					
	Reserves and surplus				Other comprehensive Income	Total
	Securities Premium	Capital Redemption Reserve	General Reserve income	Retained Earnings	Re-measurement loss on employee defined benefit plans (net of tax)	
As at April 01, 2016	**5,149.72**	**24.01**	**40.65**	**11,401.35**	-	**16,615.73**
Profit for the year	-	-	-	4,137.26	-	4,137.26
Other comprehensive income, net of tax	-	-	-	-	(9.83)	(9.83)
As at March 31, 2017	**5,149.72**	**24.01**	**40.65**	**15,538.61**	**(9.83)**	**20,743.16**
Issue of share capital	3,976.81	-	-	-	-	3,976.81
Amount utilised towards buy back of shares	(3,236.59)	-	-	-	-	(3,236.59)
Tax on buy back of shares	-	-	-	(740.22)	-	(740.22)
Amount transferred from general reserve to capital redemption reserve on account of buy back	-	9.43	(9.43)	-	-	-
Profit for the year	-	-	-	3,211.14	-	3,211.14
Other comprehensive income, net of tax	-	-	-	-	(5.03)	(5.03)
As at March 31, 2018	**5,889.94**	**33.44**	**31.22**	**18,009.53**	**(14.86)**	**23,949.27**

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: August 21, 2018

For and on behalf of the Board of Directors
Gland Pharma Limited

Dr. Ravi Penmetsa
Managing Director and
Chief Executive Officer
DIN: 0179939

Guan Xiaohui
Director
DIN: 07675466

Yiran Peng
Director and
Chief Financial Officer
DIN: 07675475

P. Sampath Kumar
Company Secretary

Place: Hyderabad
Date: August 21, 2018

Place: Hyderabad
Date: August 21, 2018

Statement of Cash Flows for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	**5,015.61**	5,780.11
Adjustments to reconcile profit before tax to net cash flows		
Depreciation expense	**782.08**	741.47
Provision for doubtful debts	**16.22**	-
Bad debts written off	**12.82**	10.94
Interest expense	**31.31**	50.30
Assets written off	**-**	11.30
Unrealized foreign exchange (gain)/loss	**(61.10)**	75.59
Profit on disposal of property, plant and equipment	**(0.21)**	(0.48)
Interest income	**(271.68)**	(178.54)
Liabilities no longer required written back	**-**	(3.69)
Operating profit before working capital changes	**5,525.05**	6,487.00
Movements in working capital:		
Increase in trade receivables	**(528.59)**	(750.89)
Increase in inventories	**(1,341.11)**	(116.44)
Increase in loans, deposits and others	**(3.89)**	(5.01)
Increase in other assets	**(1,118.11)**	(9.51)
Increase in trade payables and other financial liabilities	**1,007.26**	1,037.78
Increase/(decrease) in provisions and other liabilities	**50.11**	(264.48)
Cash generated from operations	**3,590.72**	6,378.45
Income tax paid (net of refunds)	**(1,571.42)**	(1,613.89)
Net cash flow from operating activities (A)	**2,019.30**	4,764.56
Cash flows from investing activities		
Purchase of property, plant and equipment	**(851.75)**	(1,161.89)
Proceeds from disposal of property, plant and equipment	**1.60**	1.09
Investment in bank deposits	**(2,982.02)**	-
Interest received	**243.80**	194.26
Net cash flow used in investing activities (B)	**(3,588.37)**	(966.54)
Cash flows from financing activities		
Repayment of long-term borrowings	**(4.61)**	(707.63)
Repayment of short-term borrowings	**-**	(399.00)
Proceeds from issue of shares	**3,985.83**	-
Buy back of shares (including tax thereon)	**(3,985.83)**	-
Interest paid	**(31.31)**	(57.53)
Net cash flows used in financing activities (C)	**(35.92)**	(1,164.16)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(1,604.99)**	2,633.86
Effect of exchange differences on cash and cash equivalents held in foreign currency	**2.63**	(35.35)
Cash and cash equivalents at the beginning of the year (refer note 10)	**5,330.77**	2,732.26
Cash and cash equivalents at the end of the year	**3,728.41**	**5,330.77**
Components of cash and cash equivalents		
Cash on hand	**0.41**	0.48
With banks on current account	**1,396.03**	1,302.91
With banks on deposit account	**2,331.97**	4,027.38
Total cash and cash equivalents (refer note 10)	**3,728.41**	**5,330.77**

Summary of significant accounting policies

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad, Date: August 21, 2018

For and on behalf of the Board of Directors
Gland Pharma Limited

Dr. Ravi Penmetsa
Managing Director and Chief Executive Officer
DIN: 0179939

Guan Xiaohui
Director
DIN: 07675466

Yiran Peng
Director and Chief Financial Officer
DIN: 07675475

P. Sampath Kumar
Company Secretary

Place: Hyderabad, Date: August 21, 2018

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

1. Corporate information

Gland Pharma Limited ('the Company') is a public limited Company domiciled in India and is primarily engaged in manufacturing injectable formulations. The Company has presently three divisions namely Bulk Drugs (one unit is in SEZ), Formulations and Research & Development.

2. Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

The financial statements have been prepared on a historical cost convention, except for certain financial assets and liabilities which have been measured at fair value.

2.1 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's chief financial officer determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

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

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

Revenue from sale of goods is recognised on dispatch which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns and sales tax, where applicable, and the additional amount in case of exclusive arrangement, is recognised based on the terms of the agreement entered into with the customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT)/ Goods and Service Tax (GST)is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of services

Revenue from sale of dossiers/licenses/services is recognized in accordance with the terms of the relevant agreements as accepted and agreed with the customers.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export benefits, incentives and licenses

Export benefits on account of duty drawback and export promotion schemes are accrued and accounted in the period of export, and are included in other operating revenue.

(e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit willbe available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(f) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital work in progress were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition since there is no change in the functional currency as on the date of transition to Ind AS i.e. April 01, 2015. The Company has also determined that cost of acquisition or construction as deemed cost as at April 01, 2015.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Depreciation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

Asset	Useful lives estimated by the management (years)
Factory buildings	30
Tube wells	5
Plant and Equipment	8-20
Laboratory Equipment	10
Office Equipment	5
Furniture and fixtures	5-10
Vehicles	8-10
Computers	3-6

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(g) Leases

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

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease.Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating 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.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.Cost is determined on First in First Out (FIFO) basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and packing material: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares and consumables are valued at the lower of cost and net realisable value.

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

(i) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(j) 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

(k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Equity investments:

All equity investments in scope of Ind AS 109 are measured at fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

a) the rights to receive cash flows from the asset have expired, or

b) the Company has transferred its rights to receive cash flows from the asset, and

   i. the Company has transferred substantially all the risks and rewards of the asset, or

   ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at fair value through profit or loss

ii. Financial liability at amortised cost

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Reclassification of financial instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(m) 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, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(n) Research and Development

Revenue expenditure on research and development is charged to revenue in the period in which it is incurred. Property, plant and equipment purchased for research and development is added to property, plant and equipment and depreciated in accordance with the policies of the Company.

(o) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and machinery	Laboratory equipments	Research and Development Equipments	Furniture and fixtures	Office equipments	Vehicles	Computers	Tubewells	Total
Cost											
As at April 01, 2016	244.44	1,926.38	5,532.94	316.30	176.57	137.79	39.94	35.27	72.41	1.49	8,483.53
Additions	5.97	80.01	1,359.26	55.76	16.85	20.88	8.80	8.33	23.23	-	1,579.09
Disposals	-	-	-	(0.17)	-	-	-	(7.24)	-	-	(7.41)
As at March 31, 2017	**250.41**	**2,006.39**	**6,892.20**	**371.89**	**193.42**	**158.67**	**48.74**	**36.36**	**95.64**	**1.49**	**10,055.21**
Additions	42.40	120.12	193.86	37.67	43.89	21.68	3.94	1.49	29.02	-	494.07
Disposals	-	-	-	-	-	-	-	(4.76)	-	-	(4.76)
As at March 31, 2018	**292.81**	**2,126.51**	**7,086.06**	**409.56**	**237.31**	**180.35**	**52.68**	**33.09**	**124.66**	**1.49**	**10,544.52**
Depreciation											
As at April 01, 2016	-	**73.97**	**391.22**	**45.68**	**29.31**	**24.32**	**10.77**	**4.27**	**24.98**	**0.20**	**604.72**
Charge for the year	-	86.00	516.81	43.28	30.77	19.55	11.14	7.20	26.39	0.33	741.47
Disposals	-	-	-	(0.02)	-	-	-	(6.77)	-	-	(6.79)
As at March 31, 2017	-	**159.97**	**908.03**	**88.94**	**60.08**	**43.87**	**21.91**	**4.70**	**51.37**	**0.53**	**1,339.40**
Charge for the year	-	88.90	553.17	44.84	33.09	21.22	9.59	7.30	23.64	0.33	782.08
Disposals	-	-	-	-	-	-	-	(3.37)	-	-	(3.37)
As at March 31, 2018	-	**248.87**	**1,461.20**	**133.78**	**93.17**	**65.09**	**31.50**	**8.63**	**75.01**	**0.86**	**2,118.11**
Net carrying value											
As at March 31, 2017	**250.41**	**1,846.42**	**5,984.17**	**282.95**	**133.34**	**114.80**	**26.83**	**31.66**	**44.27**	**0.96**	**8,715.81**
As at March 31, 2018	**292.81**	**1,877.64**	**5,624.86**	**275.78**	**144.14**	**115.26**	**21.18**	**24.46**	**49.65**	**0.63**	**8,426.41**

Capital Work in Progress : Rs.1,988.82 (March 31, 2017: Rs. 1,611.50)

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Financial assets

		Non-Current		Current	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
4	**Loans**				
	(Unsecured, considered good)				
	Security deposits	58.84	55.68	1.62	1.81
	Other loans				
	Loans to employees	-	-	3.11	2.19
		58.84	**55.68**	**4.73**	**4.00**

		Non-Current		Current	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
5	**Other financial assets**				
	(Unsecured, considered good)				
	Bank deposits (refer note 11)	2.04	-	-	-
	Interest accrued on bank deposits and others	-	-	32.31	4.42
		2.04	**-**	**32.31**	**4.42**

		March 31, 2018	March 31, 2017
6	**Trade receivables (Unsecured)**		
	Considered good*	4,752.10	4,178.73
	Considered doubtful	16.22	-
	Less: Allowances for doubtful receivables	(16.22)	-
		4,752.10	**4,178.73**

* Includes due from other related parties (refer note 34)

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member except as disclosed in note 34.

Trade receivables are non-interest bearing and are generally on terms of 30 - 90 days.

	March 31, 2018	March 31, 2017
Breakup of financial assets		
Valued at amortised cost		
Loans	63.57	59.68
Trade receivables	4,752.10	4,178.73
Deposits and others	34.35	4.42
Cash & cash equivalents	3,728.41	5,330.77
Bank balances other than cash and cash equivalents	2,979.98	-
Total financial assets carried at amortised cost	**11,558.41**	**9,573.60**

		March 31, 2018	March 31, 2017
7	**Non-current tax assets**		
	(Unsecured, considered good)		
	Advance income tax	196.24	193.95
	Income tax paid under protest	2.12	2.12
		198.36	**196.07**

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
8 Other assets				
(Unsecured, considered good)				
Capital advance	38.17	27.32	-	-
Advance recoverable in cash or in kind	-	-	71.64	116.63
Prepaid Expenses	-	-	103.75	55.56
Export rebate claims receivable	-	-	17.63	41.97
Export incentives receivable	17.46	34.45	502.78	380.86
Balance with statutory/ government authorities	43.52	15.12	1,188.16	181.37
	99.15	**76.89**	**1,883.96**	**776.39**

No advances are due from directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

	March 31, 2018	March 31, 2017
9 Inventories (valued at lower of cost and net realisable value)		
Raw materials and components	2,611.69	1,935.94
Packing materials	886.76	916.47
Finished goods*	481.87	237.35
Work-in-progress	971.74	549.60
Stores and spares	176.24	147.83
	5,128.30	**3,787.19**
*Includes stock in trade	31.57	40.19

	March 31, 2018	March 31, 2017
10 Cash and cash equivalents		
Balances with banks		
In current accounts	1,396.03	1,302.91
Deposits with original maturity of less than three months	2,331.97	4,027.38
Cash on hand	0.41	0.48
	3,728.41	**5,330.77**

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
11 Bank balances other than cash and cash equivalents				
Other bank deposits				
Deposit with original maturity 3-12 months	-	-	2,782.99	-
Margin money deposits*				
Deposit with original maturity 3-12 months	-	-	196.99	-
Deposit with original maturity more than 12 months	2.04	-	-	-
	2.04	-	2,979.98	-
Less: Amount disclosed under deposits and others	(2.04)	-	-	-
(refer note 5)	**-**	**-**	**2,979.98**	**-**

*Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Company.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	March 31, 2018	March 31, 2017
12 Equity share capital		
Authorised		
18,000,000 (March 31, 2017: 18,000,000) equity shares of Rs. 10 each	180.00	180.00
0.001% 5,100,000 (March 31, 2017: 5,100,000) compulsorily convertible non cumulative preference shares of Rs. 10 each	51.00	51.00
0.001% 1,200,000 (March 31, 2017: 1,200,000) redeemable convertible non cumulative preference shares of Rs. 10 each	12.00	12.00
	243.00	**243.00**
Issued, subscribed and fully paid up shares		
15,494,949 (March 31, 2017: 15,494,949) equity shares of Rs. 10 each	154.95	154.95
	154.95	**154.95**

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

	March 31, 2018		March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
At the beginning of the year	15,494,949	154.95	15,494,949	154.95
Less: Shares bought back during the year*	(942,500)	(9.43)	-	-
Add: Issued during the year#	942,500	9.43	-	-
	15,494,949	**154.95**	**15,494,949**	**154.95**

* During the year ended March 31, 2018, the Company bought back 942,500 equity shares under the buy-back of equity shares plan approved by the shareholders on September 15, 2017.

#During the year ended March 31, 2018, the Company had issued 0.001% 942,500 compulsorily convertible non cumulative preference shares of Rs. 10 each, which were converted into equity shares.

Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Equity shares of Rs. 10 each	942,500	-	177,500	2,223,000	-

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by the holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

Name of the Shareholder	March 31, 2018	March 31, 2017
Fosun Pharma Industrial Pte. Ltd 11,466,262 (March 31, 2017: Nil) equity shares	114.66	-

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(d) Details of shareholders holding more than 5% shares in the Company

	March 31, 2018		March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding
Fosun Pharma Industrial Pte. Ltd	11,466,262	74.00%	-	-
Gland Celsus Bio-Chemicals Private Limited	2,009,487	12.97%	4,029,628	26.01%
RP Advisory Services Pvt Ltd being a Trustee of Empower Discretionary Trust	786,700	5.08%	786,700	5.08%
KKR Floorline Investments Pte Limited	-	-	5,896,599	38.05%

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

		March 31, 2018	March 31, 2017
13	**Other equity**		
	Securities premium account		
	Balance, at the beginning of the year	5,149.72	5,149.72
	Add: Issue of share capital	3,976.81	-
	Less: Amount utilized towards buy back of shares	(3,236.59)	-
	Balance, at the end of the year	**5,889.94**	**5,149.72**
	Capital redemption reserve		
	Balance, at the beginning of the year	24.01	24.01
	Add: Amount transferred from general reserve on account of buy back	9.43	-
	Balance, at the end of the year	**33.44**	**24.01**
	General reserve		
	Balance, at the beginning of the year	40.65	40.65
	Add: Amount transferred to capital redemption reserve on account of buy back	(9.43)	-
	Balance, at the end of the year	**31.22**	**40.65**
	Retained earnings and other comprehensive income		
	Balance, at the beginning of the year	15,528.78	11,401.35
	Add: Profit for the year	3,211.14	4,137.26
	Less: Tax on buy back of shares	(740.22)	-
	Items recognised directly in Other comprehensive income		
	Re-measurement loss on employee defined benefit plans (net of tax)	(5.03)	(9.83)
	Balance at the end of the year	**17,994.67**	**15,528.78**
		23,949.27	**20,743.16**

		Non-Current		Current maturities	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
14	**Non-current borrowings**				
	From others (Unsecured)				
	Deferred sales tax loan (refer note (a))	54.89	59.16	4.26	4.60
		54.89	**59.16**	**4.26**	**4.60**
	Less: Amount disclosed under the head "other current financial liabilities" (refer note 16)	-	-	(4.26)	(4.60)
		54.89	**59.16**	**-**	**-**

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(a) Deferred sales tax is interest free and payable in 14 yearly unequal instalments starting from October 2012, as per the sales tax deferment scheme. The last instalment is payable in 2026-27.

Changes in liabilities arising from financing activities

Particulars	April 01, 2017	Cash flows	March 31, 2018
Non-current borrowings (including current maturities)	63.76	(4.60)	59.16
Total liabilities from financing activities	**63.76**	**(4.60)**	**59.16**

Changes in liabilities arising from financing activities

Particulars	April 01, 2016	Cash flows	March 31, 2017
Non-current borrowings (including current maturities)	771.39	(707.63)	63.76
Short-term borrowings	399.00	(399.00)	-
Total liabilities from financing activities	**1,170.39**	**(1,106.63)**	**63.76**

		March 31, 2018	March 31, 2017
15	**Trade payables**		
	Valued at amortised cost		
	Outstanding dues to creditors other than micro enterprises and small enterprises	2,598.65	1,773.18
	Outstanding dues to micro enterprises and small enterprises (refer note 32)	23.43	109.91
	Outstanding dues to related parties (refer note 34)	302.07	9.80
		2,924.15	**1,892.89**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Company's credit risk management processes, refer to Note 37.

		Non-Current		Current	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
16	**Other financial liabilities**				
	Valued at amortised cost				
	Current maturities of non-current borrowings (refer note 14)	-	-	4.26	4.60
	Capital creditors	-	-	138.52	110.26
	Trade deposits payable	5.57	3.67	-	-
	Revenue received in advance	375.76	388.88	-	-
		381.33	**392.55**	**142.78**	**114.86**

	March 31, 2018	March 31, 2017
Breakup of financial liabilities carried at amortised cost		
Valued at amortised cost		
Non current borrowings	54.89	59.16
Trade payables	2,924.15	1,892.89
Current maturities of non-current borrowings	4.26	4.60
Capital creditors	138.52	110.26
Trade deposits payable	5.57	3.67
Revenue received in advance	375.76	388.88
Total financial liabilities carried at amortised cost	**3,503.15**	**2,459.46**

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

		March 31, 2018	March 31, 2017
17	**Deferred tax liability (net)**		
	Deferred tax liability		
	Accelerated depreciation for tax purposes	970.38	863.14
		970.38	**863.14**
	Deferred tax asset		
	Provision for employee benefits	7.30	7.70
	Provision for doubtful debts	5.61	-
	Provision for bonus	-	1.65
		12.91	**9.35**
	Deferred tax liability (net)	**957.47**	**853.79**

For the year ended March 31, 2018:	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	863.14	107.24	-	970.38
Provision for employee benefits	(7.70)	3.06	(2.66)	(7.30)
Provision for doubtful debts	-	(5.61)	-	(5.61)
Provision for bonus	(1.65)	1.65	-	-
Deferred tax liability (net)	**853.79**	**106.34**	**(2.66)**	**957.47**

For the year ended March 31, 2017:	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	649.95	213.19	-	863.14
Provision for employee benefits	0.47	(2.97)	(5.20)	(7.70)
Provision for bonus	-	(1.65)	-	(1.65)
Deferred tax liability (net)	**650.42**	**208.57**	**(5.20)**	**853.79**

		March 31, 2018	March 31, 2017
18	**Provisions**		
	Provision for employee benefits		
	Provision for gratuity (refer note 31)	11.91	13.62
	Provision for compensatory absences	9.18	8.63
		21.09	**22.25**

		March 31, 2018	March 31, 2017
19	**Current tax liabilities (net)**		
	Income tax (net of advance tax and tax deducted at source)	129.00	-
		129.00	**-**

		March 31, 2018	March 31, 2017
20	**Other current liabilities**		
	Statutory dues	32.65	81.65
	Advances from customers	503.16	388.06
	Unearned revenue	32.67	34.13
		568.48	**503.84**

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

21 Revenue from operations (Gross)

		For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from sale of goods (including excise duty)			
- Domestic		1,698.83	1,405.38
- Export		12,507.61	8,807.94
	(A)	**14,206.44**	**10,213.32**
Revenue from sale of services			
- Domestic		902.19	1,482.72
- Export		721.54	2,872.01
	(B)	**1,623.73**	**4,354.73**
Other operating income			
- Export incentives		398.76	348.22
	(C)	**398.76**	**348.22**
	(A+B+C)	**16,228.93**	**14,916.27**

Sale of goods includes excise duty collected from customers of Rs. 29.52 (March 31, 2017: Rs. 124.51). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017.

22 Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on		
- Fixed deposits	268.80	175.82
- Others	2.88	2.72
Foreign exchange gain (net)	213.18	151.78
Profit on disposal of property, plant and equipment	0.21	0.48
Insurance claim	0.01	0.84
Miscellaneous income	2.81	3.97
	487.89	**335.61**

23 Cost of materials consumed

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventory at the beginning of the year	1,935.94	1,424.31
Add: Purchases	6,048.75	3,671.67
	7,984.69	5,095.98
Less: Inventory at the end of the year	2,611.69	1,935.94
Cost of raw materials consumed	5,373.00	3,160.04
Cost of packing materials consumed	1,809.98	1,346.61
	7,182.98	**4,506.65**

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

24 (Increase) / decrease in inventories

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year		
Finished goods	481.87	237.35
Work in progress	971.74	549.60
	1,453.61	**786.95**
Inventories at the beginning of the year		
Finished goods	237.35	268.87
Work in progress	549.60	981.80
	786.95	1,250.67
	(666.66)	**463.72**

25 Employee benefits expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	1,612.21	1,399.00
Contribution to provident and other fund (refer note 31)	80.17	67.00
Gratuity expense (refer note 31)	33.64	16.28
Staff welfare expenses	64.78	51.88
	1,790.80	**1,534.16**

26 Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores Consumed	206.60	186.89
Rent (refer note 39(a))	24.84	62.74
Repairs and maintenance:		
- Plant and machinery	166.27	127.23
- Buildings	66.66	89.66
- Other	11.66	10.78
Rates and taxes	211.23	202.05
Quality control expenses	235.14	204.11
Research and development expenses	189.12	198.67
Legal and professional charges*	467.75	78.20
Carriage outwards	71.25	72.04
Insurance	23.49	23.08
Printing and stationery	21.29	18.55
Travelling and conveyance	23.10	24.68
Selling and business promotion expenses	20.10	20.51
Sales commission	7.96	21.44
Postage and courier	3.41	3.94
Telephone expenses	6.14	6.52
Vehicle maintenance	6.84	7.35
Payment to auditors:		
Statutory audit fees	4.00	5.00
Certifications fees and others	2.28	2.58
Out of pocket expenses	0.06	0.10
Provision for doubtful debts	16.22	-

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Bad debts written off	12.82	10.94
Assets written off	-	11.30
Miscellaneous expenses	41.45	28.01
CSR expenditure (Refer Note 28)	6.82	1.61
	1,846.50	**1,417.98**

* Includes Rs. 425.07 (March 31, 2017: 59) towards transaction cost for acquisition of 74% stake by Fosun in the company.

27 Finance cost

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	31.31	50.30
Bank charges	9.94	13.62
	41.25	**63.92**

28 Details of CSR expenditure

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Gross amount required to be spent by the Company during the year:	87.36	70.65
(b) Amount spent during the year	6.82	1.61

29 Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2018 and for the year ended March 31, 2017 are:

(i) Profit or loss section

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current income tax charge	1,694.59	1,430.29
Deferred tax charge	106.34	208.57
Adjustment of current income tax relating to earlier years	3.54	3.99
Total income tax expense recognised in statement of Profit & Loss	**1,804.47**	**1,642.85**

(ii) OCI Section

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net gain on remeasurement of defined benefit plans	(2.66)	(5.20)
Income tax charged to OCI	**(2.66)**	**(5.20)**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit Before Tax (A)	5,015.61	5,780.11
Enacted tax rate in India (B)	34.61%	34.61%
Expected tax expenses (C = A*B)	1,735.80	2,000.38

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Permanent Difference		
Deduction under section 10AA of the Income Tax Act, 1961	(82.46)	(636.24)
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961 (a)	(183.41)	(273.10)
Deduction under section 32AC of the Income Tax Act, 1961	-	(210.81)
Expenses disallowed under Income Tax Act, 1961	444.29	62.62
Adjustment for taxes with respect to earlier years	10.23	11.53
Others	9.77	12.92
Total (D)	**198.42**	**(1,033.08)**
Profit after adjusting permanent difference	5,214.03	4,747.03
Expected tax expense	1,804.47	1,642.85
Total Tax expense	1,804.47	1,642.85
Effective Tax Rate	35.98%	28.42%

(a) India's Finance Act, 2016 incorporated an amendment that reduces the weighted deduction on eligible research and development expenditure in a phased manner from 200% to 150% commencing from 1 April 2017.

30 Earnings per share	**March 31, 2018**	**March 31, 2017**
The following reflects the profit and share data used in the basic and diluted EPS computations:		
i) Profit for the year attributable to equity shareholders	3,211.14	4,137.26
ii) Weighted average number of equity shares in calculating basic EPS	15,164,428	15,494,949
iii) Weighted average number of equity shares in calculating diluted EPS	15,494,949	15,494,949
vi) Face value of each equity share (Rs.)	10.00	10.00
iv) Basic Earnings per share	211.75	267.01
v) Diluted Earnings per share	207.24	267.01

31 Gratuity

I Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with LIC. The following tables summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

A) Net employee benefit expense (recognised in Employee benefits expenses)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	22.35	16.94
Past service cost	10.33	-
Interest cost	8.41	6.95
Expected return on plan assets	(7.45)	(7.61)
Net employee benefit expenses	**33.64**	**16.28**
Actual return on plan asset	7.45	7.61

B) Amount recognised in the Balance Sheet	**March 31, 2018**	**March 31, 2017**
Defined benefit obligation	150.08	120.42
Fair value of plan assets	(138.17)	(106.80)
	11.91	**13.62**

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

C) Changes in the present value of the defined benefit obligation	March 31, 2018	March 31, 2017
Opening defined benefit obligation	120.42	87.19
Current service cost	22.35	16.94
Interest cost	8.41	6.95
Benefits paid	(19.67)	(5.37)
Past service cost	10.33	-
Net Actuarial losses on obligation for the year recognised under OCI	8.24	14.71
Closing defined benefit obligation	**150.08**	**120.42**

D) Change in the fair value of plan assets	March 31, 2018	March 31, 2017
Opening fair value of plan assets	106.80	95.37
Expected return on plan assets	7.45	7.61
Contributions	43.04	9.51
Benefits paid	(19.67)	(5.37)
Net Actuarial losses / (gains) on plan assets for the year recognised under OCI	0.55	(0.32)
Closing fair value of plan assets	**138.17**	**106.80**

The Company expects to contribute Rs. 35.44 to the gratuity fund in the next year (March 31, 2017: Rs. 16.33)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2018	March 31, 2017
Investments with LIC	100.00%	100.00%

E) Re measurement adjustments:	March 31, 2018	March 31, 2017
Experience loss/ (gain) on plan liabilities	15.69	6.09
Experience loss/ (gain) on plan assets	(0.55)	0.32
Financial loss/ (gain) on plan liabilities	(7.45)	8.62
Re measurement losses recognised in other comprehensive income:	**7.69**	**15.03**

(i) The principal assumptions used in determining gratuity for the Company's plans are shown below:

	March 31, 2018	March 31, 2017
Discount rate	7.65%	8.00%
Expected rate of return on assets	8.25%	8.25%
Salary rise	8.00%	8.00%
Attrition Rate	10.00%	10.00%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected benefit payments for the year ending:

Year ending	March 31, 2018	March 31, 2017
1 year	21.04	16.33
2-5 years	62.40	48.45
6-10 years	70.63	51.99

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	March 31, 2018	March 31, 2017
(a) Effect of 1% change in assumed discount rate		
- 1% increase	139.54	111.55
- 1% decrease	161.59	130.08
(b) Effect of 1% change in assumed salary growth rate		
- 1% increase	160.64	128.80
- 1% decrease	140.05	112.31
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	147.54	116.91
- 1% decrease	152.82	124.75

	For the year ended March 31, 2018	For the year ended March 31, 2017
II Defined Contribution Plan		
Contribution to Provident Fund	80.17	67.00

32 Trade Payables (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006):

	March 31, 2018	March 31, 2017
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	23.43	109.91
The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
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 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-

33 Research and development

i) Details of Revenue expenditure (expensed as and when incurred):

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cost of materials consumed		
Raw Materials Consumed	77.52	86.44
Power and Fuel	5.87	4.66
Employee benefits expenses		
Salaries, allowances and wages	130.34	115.56
Contribution to provident fund and other funds	6.91	6.38
Staff welfare expenses	1.29	0.59

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Other Expenses		
Rates and taxes	116.50	55.32
Research and development expenses	189.12	198.67
Repairs and maintenance	6.51	2.06
Others	2.91	7.10
Depreciation and Amortisation	33.09	30.77
Total	**570.06**	**507.55**

ii) **Details of research and development assets :**

Particulars	Research and development			Total
	Equipments	Furniture and fixtures	Computers	
Gross Block				
As at April 01, 2016	**163.32**	**6.25**	**7.00**	**176.57**
Additions	16.09	0.12	0.64	16.85
As at March 31, 2017	**179.41**	**6.37**	**7.64**	**193.42**
Additions	39.18	0.95	3.76	43.89
As at March 31, 2018	**218.59**	**7.32**	**11.40**	**237.31**
Depreciation/Amortisation				
As at April 01, 2016	**25.63**	**1.05**	**2.63**	**29.31**
Charge for the year	27.33	1.06	2.38	30.77
As at March 31, 2017	**52.96**	**2.11**	**5.01**	**60.08**
Charge for the year	29.87	1.11	2.11	33.09
As at March 31, 2018	**82.83**	**3.22**	**7.12**	**93.17**
Net Block				
As at March 31, 2017	**126.45**	**4.26**	**2.63**	**133.34**
As at March 31, 2018	**135.76**	**4.10**	**4.28**	**144.14**

34 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Enterprise which exercises significant influence	
KKR Floorline Investors Pte Limited (Upto October 03, 2017)	
Fellow subsidiary	
Chongqing Pharmaceutical Research Institute Co., Ltd	
Enterprise over which Key Management Personnel exercise significant influence	
i) Gland Chemicals Private Limited	
ii) Gland Celsus Biochemicals Private Limited	
iii) Nicomac Clean Rooms Far East Private Limited (Upto October 03, 2017)	
iv) Moreschi Asia Doors Private Limited (Upto October 03, 2017)	
v) Dhananjaya Properties LLP	
vi) Sasikala Properties LLP	

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Key Management Personnel	
i) Sri P.V.N. Raju	Chairman and Director
ii) Dr. Ravi Penmetsa	Managing Director and Chief Executive Officer
iii) Srinivas Sadu	Chief Operating Officer and Whole Time Director (WTD upto October 03, 2017)
iv) B.Narasimha Rao	Chief Financial Officer and Whole Time Director (CFO and WTD upto October 03, 2017)
v) Mrs K Jhansi Lakshmi	Vice President (Finance) and Whole Time Director (VP and WTD upto October 03, 2017)
Relatives of Key Management Personnel	
i) K Praveen Kumar (Upto October 03, 2017)	
ii) Smt. P. Suryakantham	
iii) Mr Nakul V Penmetsa	

Transactions during the year:

	Nature	For the year ended March 31, 2018	For the year ended March 31, 2017
Enterprise over which Key Management Personnel exercise significant influence			
Gland Chemicals Private Limited	Purchase of raw material	782.55	31.72
	Sale of goods	85.25	5.12
Nicomac Clean Rooms Far East Private Limited	Purchase of capital goods	24.18	58.07
Moreschi Asia Doors Private Limited	Purchase of capital goods	1.16	7.71
Dhananjaya Properties LLP	Rent expense	2.02	1.94
Sasikala Properties LLP	Rent expense	1.26	1.48
Gland Celsus Bio Chemicals Pvt Ltd	Sale of Vehicles	0.63	-
Fellow subsidiary			
Chongqing Pharmaceutical Research Institute Co., Ltd	Purchase of raw material	75.44	-
Key Management Personnel ^			
Sri P.V.N. Raju	Managerial remuneration	6.06	7.83
	Rent expense	0.20	0.19
Dr. Ravi Penmetsa	Managerial remuneration	78.13	78.04
Mrs K Jhansi Lakshmi	Managerial remuneration	3.22	6.38
	Rent expense	1.36	1.69
B. Narasimha Rao	Managerial remuneration	5.19	10.96
Srinivas Sadu	Managerial remuneration	6.07	12.74
Relatives of Key Management Personnel			
Smt. P. Suryakantham	Rent expense	0.20	0.19
K Praveen Kumar	Rent expense	0.09	0.18
Nakul Penmetsa	Salary expense	1.75	2.89

Closing balances receivable/(payable) (Unsecured):

	March 31, 2018	March 31, 2017
Chongqing Pharmaceutical Research Institute Co., Ltd	(65.49)	-
Gland Chemicals Private Limited	(236.58)	(9.80)
Gland Chemicals Private Limited	31.07	5.12
Nicomac Clean Rooms Far East Private Limited	-	2.30
Moreschi Asia Doors Private Limited	-	(2.08)

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Dhananjaya Properties LLP	-	(0.17)
Sasikala Properties LLP	-	(0.13)
Sri P.V.N. Raju	-	(0.02)
Dr. Ravi Penmetsa	(53.97)	(57.08)
Mrs K Jhansi Lakshmi	-	(0.15)
Smt. P. Suryakantham	-	(0.02)
K Praveen Kumar	-	(0.01)

^ As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

35 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessee

The Company has entered into leases for office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the office premises and accounts for the contracts as operating leases.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 31.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(ii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

36 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets at amortised cost:				
Loans	63.57	59.67	63.57	59.67
Deposits and others	34.35	4.42	34.35	4.42
Trade receivables	4,752.10	4,178.73	4,752.10	4,178.73
Cash & cash equivalents	3,728.41	5,330.76	3,728.41	5,330.76
Bank balances other than above	2,979.98	-	2,979.98	-
Financial liabilities at amortised cost:				
Borrowings (including current maturities)	59.15	63.76	59.15	63.76
Trade Payables	2,924.15	1,892.90	2,924.15	1,892.90
Other liabilities	519.85	502.81	519.85	502.81

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37 Financial risk management objectives and policies

Financial Risk Management Framework

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. The

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Company' receivables turnover is quick and historically, there were no significant defaults on account of any customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 4,752.10 and Rs. 4,178.73 as of March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of balances with trade receivables.

B Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2018:					
Borrowings (including current maturities)	4.26	14.21	2.48	38.20	59.15
Trade Payables	2,924.15	-	-	-	2,924.15
Other Payables	514.28	-	-	5.57	519.85
	3,442.69	**14.21**	**2.48**	**43.77**	**3,503.15**
March 31, 2017:					
Borrowings (including current maturities)	4.60	9.56	10.26	39.34	63.76
Trade Payables	1,892.90	-	-	-	1,892.90
Other Payables	499.14	-	-	3.67	502.81
	2,396.64	**9.56**	**10.26**	**43.01**	**2,459.47**

C Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

C1 . Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2018				
Indian Rupees	0.50%	(0.50)%	-	-
March 31, 2017				
Indian Rupees	0.50%	(0.50)%	(2.22)	2.22

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

C2 . Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument are as under-

	Currency	March 31, 2018			March 31, 2017		
		Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Cash and cash equivalent	USD	15.94	1,032.73	64.79	16.86	1,088.12	64.53
	EURO	0.01	0.62	79.63	0.01	0.83	68.67
Trade receivables	USD	64.98	4,210.05	64.79	55.07	3,553.50	64.53
	EURO	0.16	12.46	79.63	0.53	36.69	68.67
	AUD	0.09	4.29	49.47	0.10	4.85	49.11
	CAD	0.33	16.58	50.00	-	-	-
Advances recoverable in cash or kind	USD	0.31	20.33	64.79	1.30	83.71	64.53
	EURO	0.50	40.20	79.63	0.36	24.52	68.67
	GBP	-	0.15	-	-	-	-
Capital advance	USD	0.03	2.10	64.79	0.02	1.61	64.53
	EURO	0.07	5.23	79.63	0.22	14.81	68.67
	GBP	-	0.05	91.03	-	0.05	80.37
	CHF	0.01	0.60	69.50	-	-	-
Trade payables	USD	16.33	1,067.15	65.35	12.46	809.83	65.02
	EURO	2.58	208.80	80.90	2.19	152.38	69.70
	YEN	1.95	1.20	0.62	-	-	-
Capital creditors	USD	0.80	52.16	65.35	0.59	38.09	65.02
	EURO	0.11	9.03	80.90	0.06	4.08	69.70
Advance from customers	USD	6.93	453.18	65.35	4.87	316.93	65.02
Revenue received in advance	USD	5.75	375.76	65.35	5.98	388.88	65.02

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2018				
USD	1.00%	1.00%	33.17	(33.17)
EURO	1.00%	1.00%	(1.59)	1.59
March 31, 2017				
USD	1.00%	1.00%	32.07	(32.07)
EURO	1.00%	1.00%	(0.80)	0.80

38 . Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants.

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2018 and March 31, 2017.

39 Commitments and Contingencies

a. Leases

Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/ cancellable at the option of either of the parties. The escalation rates range from 0% to 10% per annum as per the terms of the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss is Rs. 24.84 (March 31, 2017: Rs. 62.74).

b. Commitments

	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	312.30	196.64
Other commitments	Nil	Nil

c. Contingent Liabilities

	March 31, 2018	March 31, 2017
(i) Outstanding bank guarantees (excluding performance obligations)	22.51	25.70
(ii) Claims against the Company not acknowledged as debts	33.39	21.08
(iii) Demand for direct taxes	9.63	0.86
(iv) Demand for indirect taxes	134.61	792.26
	200.14	**839.90**

40 Disclosure on Specified Bank Notes (SBNs)

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	0.68	0.33	1.01
Add: Permitted receipts	-	3.11	3.11
Less: Permitted payments	-	2.93	2.93
Less: Amount deposited in banks	0.68	-	0.68
Closing cash in hand as on December 30, 2016	-	0.51	0.51

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

41 Segment reporting

For management purposes, the Company is organised into business units based on its markets and has three reportable segments, as follows:

Segments are identified in line with Ind AS 108 'Operating segments', taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Although the Company's operating divisions are managed on a worldwide basis, they operate in 3 major geographical areas of the world, in India (its home country), North America & Europe and Rest of World.

For the financial year ended March 31, 2018

	Segment revenue	Carrying amount of segment assets
India	3,000.13	25,375.47
North America & Europe	12,469.06	3,253.07
Rest of the world	759.74	654.87
Total	**16,228.93**	**29,283.41**

For the financial year ended March 31, 2017

	Segment revenue	Carrying amount of segment assets
India	3,241.60	20,815.77
North America & Europe	10,684.16	3,140.94
Rest of the world	990.51	780.74
Total	**14,916.27**	**24,737.45**

The Company has entire fixed assets situated within India for producing goods to sell in domestic as well as overseas markets. Hence, separate figures for fixed assets/ additions to fixed assets have not been furnished.

42 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Notes to Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

i. Ind AS 115, Revenue from contracts with customers

Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods:

(i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The management continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

ii. Amendments to certain Indian Accounting Standards:

The Ministry of Corporate Affairs (MCA), on March 28, 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 21, The Effects of Changes in Foreign Exchange Rates,
- Ind AS 12, Income Taxes and
- Ind AS 112, Disclosure of Interests in Other Entities

The amendments are effective April 01, 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

As per our report of even date.

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: August 21, 2018

For and on behalf of the Board of Directors
Gland Pharma Limited

Dr. Ravi Penmetsa
Managing Director and
Chief Executive Officer
DIN: 0179939

Guan Xiaohui
Director
DIN: 07675466

Yiran Peng
Director and
Chief Financial Officer
DIN: 07675475

P. Sampath Kumar
Company Secretary

Place: Hyderabad
Date: August 21, 2018

FORM NO. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	U24239AP1978PLC002276
Name of the Company:	**Gland Pharma Limited**
Registered Office:	6-3-865/1/2, Flat 201, Greenland Apts., Ameerpet, Hyderabad – 500 016

Name of the member(s):

Registered address:

Email ID:

Folio No.:

I/We, being the member(s) of the Company holding .... Equity shares of the above named Company, hereby appoint

1.	Name:	
	Address:	
	E-mail Id:	
	Signature:	

or failing him

2.	Name:	
	Address:	
	E-mail Id:	
	Signature:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40th Annual General Meeting of the Company, to be held on Monday, 17th September, 2018 at 11:00 A.M . at the registered office of the Company situated at Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad – 500 016 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1.	To adopt the Annual Financial Statements.
2.	To appoint a Director in place of Dr. Ravi Penmetsa who retires by rotation and being eligible, offers himself for re-appointment.
3.	To appoint a Director in place of Mr. Peng Yiran, who retires by rotation and being eligible, offers himself for re-appointment
4.	To appoint Statutory Auditors
5.	To approve shifting of Registered Office of the company

Signed this ....day of ...., 2018

Affix
Revenue
Stamp
of Re.1/-

Signature of Proxy holder(s)

Signature of shareholder(s)

Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.