Vivimed

ON TRACK

Annual Report 2017-18




Corporate Overview

Statutory Reports

Financial Statements

On track...

We have relied on strong, decisive actions to overcome significant challenges in the last few years. To fast-track growth at Vivimed Labs Limited (Vivimed), we hived off our non-focus areas in both pharmaceutical and specialty chemicals segments. We reduced the debt in our books in a consistent manner and focussed on identifying and correcting the major bottlenecks in our business.

Along with this much-needed cleanup exercise, we have formed long-term, strategic joint ventures in our pharmaceuticals business to achieve higher visibility on revenues and to tap into newer, high-potential markets. We also made synergistic acquisitions that will enable us to provide end-to-end solutions to customers across the entire value chain of our contract development and manufacturing organisation (CDMO) segment.

We believe these efforts will start yielding rich dividends from here on. Our focus and foresight are an outcome of the able guidance of our management and strong execution capabilities of our people. After clearly identifying our growth opportunities, we are on track to take our Company to the next level of value creation.

Net revenues
₹11,857 MILLION

Net worth
₹12,387 MILLION

EBITDA
₹2,216 MILLION

Profit after tax
₹779 MILLION

ABOUT VIVIMED

Addressing opportunities with a leaner business model

Ever since incorporation in 1988 as a contract manufacturer for bulk drugs, we, at Vivimed, have transformed ourselves into an integrated pharmaceutical company with focus on niche molecules and formulations. Our business comprises three segments: active pharma ingredients (API), finished dosage formulations (FDF) and specialty chemicals, which cater to distinguished clients worldwide.

OUR BUSINESS SEGMENTS

1 **ACTIVE PHARMA INGREDIENTS (API)**

Read more on Page 14

2 **FINISHED DOSAGE FORMULATIONS (FDF)**

Read more on Page 16

3 **SPECIALTY CHEMICALS**

Read more on Page 18

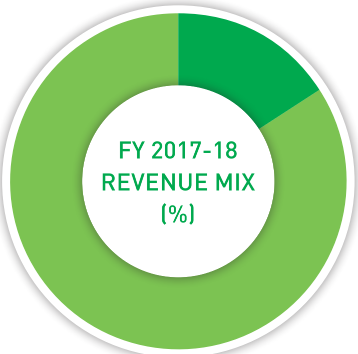
We have proven ourselves in the sphere of chemistry and are a global leader in the development of innovative photochromic dyes.

Our manufacturing capabilities include 12 plants, out of which four are US Food and Drug Administration (USFDA) approved; and 6 research and development (R&D) centres. We have also received PIC/S GMP approval for the supply of finished pharmaceutical formulations. Our primary strengths involve a strong track record of regulatory compliance, which differentiates us from our peers and is pivotal to our growth.

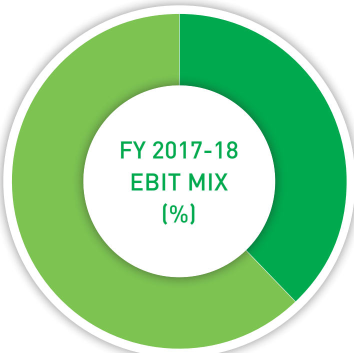
6
R&D centres

4 OF 12 PLANTS
USFDA approved

BSE code: 532660
NSE code: VIVIMEDLAB
Face value: ₹2.00



Specialty chemicals	17
Pharma	83



Specialty chemicals	38
Pharma	62

Promoters' stake	36.64
Institutional holding	5.66
Others	57.7

OUR VALUES AND PRINCIPLES

We focus on opportunities

At Vivimed, we believe there are no second chances.

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

We build on our capabilities

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

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

We embrace change

At Vivimed, we consider that the only constant is change.

We strive for continuous improvement

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

PRODUCT PORTFOLIO

Diversity of our offerings

UQUIFA (API DIVISION)

Bulk generics

- Anti-ulcer
- Anti-biotic
- Anti-fungal
- Anti-viral

Niche generics

- Anti-histamine, sedative, hypnotic
- Analgesic
- Anti-hypertensive
- Mydriatic
- Vasodilator
- Analgesic/Narcotic

New generics

- Anti-depressant
- Anti-convulsant
- Anti-parkinsonian
- Anti-ulcerative
- Bone resorption inhibitor
- Calcium channel blocker

Ethical products

- Anti-parasitic agent (veterinary)
- Anthelmintic
- Anti-histamine, Anti-psychotic, Anxiolytic
- Skeletal muscle relaxants

UQUIFA enjoys a strong market share for the following products:

- Etofenamate
- Doxylamine Succinate
- Ranitidine
- Omeprazole
- Pantoprazole
- Quetiapine

CONTRACT MANUFACTURING (CM)

Capsules and tablets

Syrups and liquids

Nasal sprays

Ointments

SPECIALTY CHEMICALS

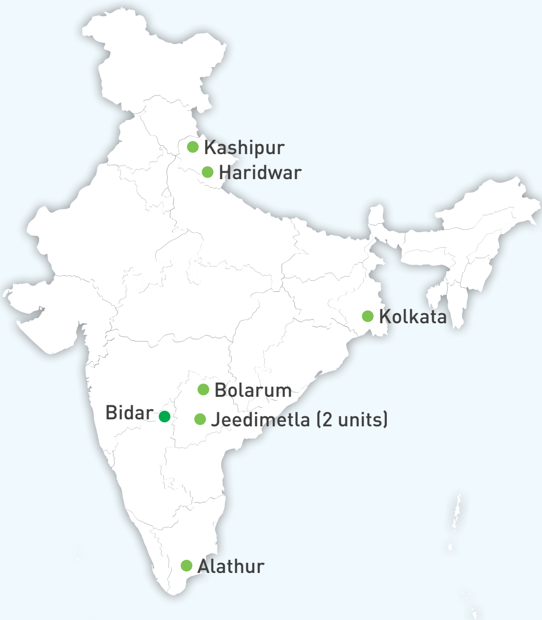
Jaracol – A range of hair dye intermediates, some of which are patented

Reversacol – A range of photochromic dyes, some of which are patented

Anti-microbial and pharma intermediates business

Our global presence

India



Mexico

Spain

Hungary

Facilities	Total
Pharmaceuticals – API	4
Pharmaceuticals – FDF	7
Specialty chemicals – Active ingredients	1
Total facilities	12
R&D facilities	6
Global support offices	5

Our distinguished clientele

MILESTONES

The journey continues

1988

Incorporated Vivimed Labs Limited as contract manufacturer for bulk drugs

1991

Commenced the manufacture of APIs and bulk drugs such as Ibuprofen, Chlorzoxazone and Nalidixic Acid at Bidar, Karnataka

2000

Established the R&D centre approved by Unilever for the supply of VIV-20 and Vivcal-G to Unilever's Asian locations

Grant of VIV-20 patent by Indian Patents Office

Forayed into the specialty chemicals segment through the development and process innovation of anti-bacterial VIV-20 (Triclosan)

2005

Listed the Company on BSE and NSE

Added L'Oreal and Procter & Gamble as clients

Introduced the small volume parenteral facility and specialty chemicals facility

Acquired Finoso and Actavis solid oral dosage (SOD) facilities

Acquired James Robinson

2009

Acquired James Robinson

2011

Acquired UQUIFA and added new customers, diversified product portfolio and three USFDA approved manufacturing facilities

Acquired KlarSehen and Octantis Nobel to establish footprint in the domestic FDF market as a branded manufacturer

2013

Commissioned the Bidar block for pharma intermediates

Upgraded the Jeedimetla facility to PIC/S standards

Established API R&D with 65 scientists and formulations R&D with 45 scientists

Received approval of Health Canada for Formulation R&D centre

Acquired Actavis Pharma Manufacturing Private Limited (APMPL), a USFDA approved FDF facility to enter the regulated markets for generics

Accessed the regulated CIS market for formulations

2018

Acquired Soneas through Vivimed's Spanish subsidiary, Vivimed Labs (Spain)

2017

Received investment of $50 million by Orbimed Asia in Vivimed's overseas subsidiary, Mascerene

Formed JV partnership with Strides Shasun to grow the US FDF business

2015

Divested personal care division to Clariant

MD'S MESSAGE

On the right track

Santosh Varalwar
Managing Director

Dear Shareholders,

The financial year 2017-18 was a year of consolidation. After divesting non-focussed businesses and strengthening our balance sheet, we are now on track to grow with full vigour and zeal. Before I discuss our performance for the year, it is important to analyse the broad macro landscape in which we operated.

The FDF business will witness superior growth as revenues from our joint venture (JV) with Strides Shasun start flowing in.

Encouraging macro environment

Global economic growth delivered a positive surprise in 2017. At 3.8%, global output grew at the fastest pace since 2011. While emerging market economies continued to be at the forefront of growth, developed economies too witnessed a sharp GDP upswing during the year.

Revival in investments, stable corporate earnings and accommodative monetary policies were the engines driving this growth. According to the International Monetary Fund (IMF), global economy is projected to expand by 3.9% in 2018 but may face headwinds from possible escalation of trade wars. Overall, I believe the macro conditions are now conducive for economies and businesses to flourish.

India continued to be among the fastest-growing economy of the world and grew by 6.7% during FY 2017-18. The economy demonstrated significant resilience to the teething issues caused by the implementation of the Goods and Services Tax (GST). This structural reform was a major leap forward for the formalisation of the Indian economy and to increase transparency. As estimated by the Reserve Bank of India (RBI), the Indian economy is likely to grow by 7.4% during the FY 2018-19.

Strong prospects for industry

Global spending on medicines is estimated to increase at an annual rate of 4.1% between 2017-2021 (according to the 2018 Global Healthcare Outlook by Deloitte). This trend, accompanied by continued momentum in the global economy, will rub off favourably on the spending on medicines.

A year of consolidation

This financial year was the first full year after we hived off certain sections of our specialty chemicals and FDF businesses. The results are thus not strictly comparable with the previous year. On a like-to-like basis however, our businesses grew at a healthy pace. Our strong track record on regulatory compliance has been the prime enabler in growing our pharmaceutical business. Our remaining specialty chemicals business was driven by healthy momentum in the hair dyes and photochromics segments. We derive high revenue visibility from our thriving order book and robust pipeline of generics products. During the year, we reduced the debt on our books by 23% to ₹777 crore. The cash thus freed-up will be re-invested for future growth. We intend to maintain our debt/EBITDA below three times and continuously improve our return ratios.

On track for a promising future

We have weathered difficult times over the past three years and have taken the requisite corrective measures to re-align our business. We are on track to reap the benefits of these efforts and take our Company to the next level. Going forward, we will be focussing on strengthening our pharmaceuticals business and gradually exiting the specialty chemicals business. Within pharmaceuticals, the CDMO segment is likely to grow faster compared to APIs and both will contribute equally to UQUIFA's revenues. Our recent acquisition of Hungary-based CDMO company, Soneas, will empower us to provide end-to-end solutions to our customers from the pre-clinic to product launch stage. It will also provide us access to new markets and customers.

Similarly, the FDF business will witness superior growth as revenues from our JV with Strides Shasun start flowing in. This JV will fortify our position in the US generics business in the future. We have a thriving product pipeline from the JV and are confident of stepping up our new filings. While there is enough potential to grow in our existing markets, we are also looking to scale up our offerings in the non-US formulations markets of Russia, Philippines and the RoW (rest of the world).

Moving up the value chain

During the year, we stepped up our R&D activities, which now form about 4% of our sales. We have increased the capacity of our research team in India and have also added pilot plant capacity in Mexico and Barcelona. We will file more products annually and are focussed on ramping up our investments on development of superior quality products. We aspire to add more products in the complex generic and complex chemicals areas too in future.

I want to use this opportunity to extend my heartfelt gratitude to our people who have worked relentlessly to fulfill the Company's aspirations and goals.

In conclusion, I would like to thank all our stakeholders including our customers, employees, business partners and investors for their faith and support to us.

Warm regards,

Santosh Varalwar
Managing Director

OUR VISION 2020

- Emerging as a true blue multi-national company of Indian origin in the pharmaceutical sector
- Penetrating world markets by fortifying existing manufacturing and distribution capabilities
- Driving collaborative growth with strategic partners in select verticals to create higher value
- Emerging as a preferred knowledge partner in the CDMO segment and challenging ourselves with our synthetic chemistry capabilities
- Achieving synergies between our API and FDF divisions to be the end-to-end solution provider for our customers

KEY PERFORMANCE INDICATORS

Our encouraging progress

Revenues
(₹ million)

FY18	**11,857**
FY17	14,619
FY16	13,564
FY15	13,860
FY14	13,590

EBITDA
(₹ million)

FY18	**2,216**
FY17	4,106
FY16	2,429
FY15	2,228
FY14	2,133

EBITDA margin
(%)

FY18	**19**
FY17	28
FY16	18
FY15	16
FY14	16

Net profit
(₹ million)

FY18	**761**
FY17	2,217
FY16	837
FY15	721
FY14	664

Net profit margin
(%)

FY18	**6**
FY17	15
FY16	6
FY15	5
FY14	5

Shareholders' funds
(₹ million)

FY18	**12,387**
FY17	7,342
FY16	5,852
FY15	5,592
FY14	5,604

Market capitalisation
as on 31 March 2018
(₹ million)

FY18	**5,863**
FY17	8,624
FY16	6,736
FY15	5,957
FY14	2,868

RoE
(%)

FY18	**6**
FY17	29
FY16	14
FY15	13
FY14	12

RoCE
(%)

FY18	**8**
FY17	28
FY16	16
FY15	14
FY14	8

Net debt/ equity
(X)

FY18	**0.58**
FY17	1.30
FY16	1.47
FY15	1.76
FY14	1.53

Interest coverage ratio
(X)

FY18	**2.08**
FY17	5.35
FY16	2.23
FY15	1.98
FY14	2.44

Cash and equivalents
(₹ million)

FY18	**990**
FY17	555
FY16	310
FY15	267
FY14	346

Dividend payout ratio
(%)

FY18	**20**
FY17	20
FY16	0
FY15	0
FY14	30

CLOSE SCRUTINY OF BUSINESS SEGMENTS

Active Pharmaceutical Ingredients (API)

UQUIFA has an 80-year rich heritage of serving leading pharmaceutical and animal health companies in Spain and Mexico. Acquired by us in 2011, UQUIFA, has grown significantly since then. It comprises our API business and operates two business segments: generics and contract development and manufacturing organisation (CDMO). It has filed over 40 Type II Drug Master Files (DMFs) with the USFDA and 150+ active DMFs worldwide. The API business represents over three fourth of our total revenues and holds a promising future.

UQUIFA'S VALUE-CREATION JOURNEY WITH VIVIMED

2011-12

Acquired by us

Stepped up investments towards manufacturing capabilities, product mix and people

2012-17

Ramped up the CDMO business substantially

2017-18

Raised capital from OrbiMed Asia, a PE firm focussed on healthcare

Completed the acquisition of Hungary-based CDMO company, Soneas

UQUIFA'S MANUFACTURING CAPABILITIES

	Llica de Vall, Spain	Sant Celoni, Spain	Cuernavaca, Mexico
Capacity	140,000 L	170,000 L	180,000 L
Number of reactors	29	29	30
Approved by	USFDA, Korean FDA, 8c-GMP, Japanese Certification	USFDA, Korean FDA, 8c-GMP, Japanese Certification	USFDA, Korean FDA, 8c-GMP, Japanese Certification
Technical expertise	Sulphur chemistry, Wiped film evaporation, Hydrogenation, Micronisation, Sieving	Sulphur chemistry, Roller compact unit, Micronisation, Sieving, Lyophilisation	Nitration, Hydrogenation, In-situ prep, Chlorination

SIGNIFICANT POTENTIAL TO GROW EXISTING GENERIC PRODUCTS

	Regulated market volume (MT)	Growth rate in target markets (%)	UQUIFA volume share (%)	Strategy
Omeprazole	310	5-6	20	• Establish cost advantage • Increase capacity
Quetiapine	215	6-9	5	• Increase new filings • Enhance sales outreach
Pantoprazole	260	10-12	10	• Establish cost advantage • Enhance sales outreach
Ranitidine	660	1-2	25	• Leverage on favourable market dynamics • Drive sales by undertaking debottlenecking
Doxylamine Succinate	21	5-6	35	• Develop niche product • Strengthen positioning
Ciprofloxacine	680	1-3	6	• Leverage on favourable market dynamics • Drive sales by undertaking debottlenecking
Terbinafine	75	4-5	2	• Improve cost position significantly • Drive sales in growing markets
Etofenamate	30	3-5	60	• Develop niche product • Drive sales by undertaking debottlenecking

Under our CDMO business (40% of UQUIFA sales), we manage all aspects of research, development and manufacture of intermediates and APIs for our customers. We cater to leading pharmaceutical companies like GSK Pharmaceuticals, Pfizer, Gilead Sciences and Esteve, among others.

The acquisition of Hungary-based CDMO company, Soneas, will make us an integrated provider of end-to-end solutions to our customers. It will also enable us to add non-pharmaceutical customers and expand our geographic reach in the CDMO business.

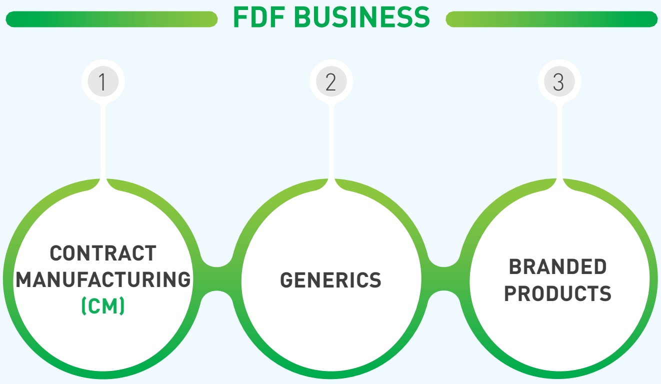
KEY STRATEGIC FOCUS AREAS

- Expanding the therapeutic portfolio across anti-ulcers, Central Nervous System (CNS) and Cardio Vascular System (CVS) categories
- Achieving stronger client mining
- Determining the correct pricing to strengthen competitive positioning
- Launching new products in the generics business (pipeline of 14 products) with focus on customer-driven projects
- Innovating on co-development options to build stable, profitable growth
- Continuing to grow the high-potential CDMO business

CLOSE SCRUTINY OF BUSINESS SEGMENTS

Finished Dosage Formulations (FDF)

Our FDF business comprises three segments: Contract manufacturing (CM), generics and branded products. We offer a diversified spectrum of products in the dosage forms and novel drug systems. This business has a growing order book, and is witnessing a healthy momentum.



Highlights of our US business

- **Ranitidine OTC:** Received approval and is likely to sign up with PLD for marketing this product in the US
- **Albendazole:** Final queries of USFDA have been answered and anticipating approval by Q3 of FY 2018-19
- **Azithromycin:** With Wockhardt bagging big accounts
- **Gabapentin:** With ACI received an approval and are likely to commercialise in September 2018
- **Clindamycin:** Likely to get approval by December 2018
- **Nadalol and Modafinil:** Revenue contribution to begin in FY 2018-19

Future filings for FY 2018-19

- **Solifenacin:** September 2018
- **Quetiapine ER:** January 2019
- **Ranolazine:** November 2018
- **Esomeprazole DR:** February 2019

Highlights of our India business

- **Jeedimetla – 1**
  - Tablet business, along with Ajanta likely to commence in Q2 of FY 2018-19
  - Exploring new opportunities for CDMO activity
- **Jeedimetla - 2:** New business initiatives lined up with
  - Ajanta
  - Mankind
  - Sentiss
  - Cipla
  - Lupin
  - South Central Railway for institutional business for all its six zones
- **Haridwar**
  - Targeting exports from this site and initiating business with Akums in the generics space
- **Direct marketing**
  - Expansion in three more states – Assam, Madhya Pradesh (MP) and Gujarat
- **New launches**
  - Five to six new product launches lined up in gynaecology, paediatric and dermatology segments

MOLECULES TO BE COMMERCIALISED UNDER JV WITH STRIDES SHASUN INCLUDE

	Amlodipine Besylate	Donepezil Hydrochloride	Losartan Potassium	Metronidazole	Zolpidem Tartrate
Brand name	Norvasc	Aricept	Cozaar/Hyzaar	Flagyl	Ambien
Innovator	Pfizer	Eisai	Merck & Co.	Pfizer	Sanofi
Global sales (in $ million)	312	200	500	44	50
Number of ANDA filers	373	91	113	99	79
First launched/ approved	1987	1996	1995	1963	1992
Uses	Hypertension High blood pressure Coronary artery disease	Dementia of Alzheimer's disease	Hypertension Lower blood pressure in adults	Bacterial vaginosis in non-pregnant women	Insomnia characterised by difficulties with sleep initiation

KEY STRATEGIC FOCUS AREAS

- Launching formulations based on UQUIFA APIs in India and other parts of the world
- Developing innovative formulations across multiple delivery formats for different parts of the world
- Bolstering revenues and strengthening position in the formulations business through JV with Strides Shasun
- Strengthening filing pipeline of four to six new files every year
- Ramping up the Contract Research and Manufacturing Services (CRAMS) business
- Achieving optimum utilisation of existing capacities

CLOSE SCRUTINY OF BUSINESS SEGMENTS

Specialty chemicals

We started this business in early 2000 and are now the global leader in the development of innovative photochromic dyes. We also manufacture hair dyes, anti-microbials and imaging chemicals under this segment. Our products enjoy high regulatory compliance and cater to an elite customer base, including Unilever, L'oreal and Colgate, among others.

Our portfolio of 100+ products benefits over 300 customers in the home care, personal care and industrial product categories.

100+ PRODUCTS
benefiting over 300 customers in the home care, personal care and industrial product categories

KEY STRATEGIC FOCUS AREAS

- Focussing on developing the core product portfolio
- Capturing the adjacencies and niche opportunities
- Strengthening our existing long-term partnerships with leading players
- Tapping into the high potential of the semi-permanent hair dye, oxidatives/ permanent hair dye categories
- Building on strategic partnerships to bolster growth of the photochromic category
- Leveraging extensive R&D experience and knowledge of complex multi-step chemical processes to foray into new categories

GROWING THROUGH CONSOLIDATION

New entities, Effective performance

We, at Vivimed, have a proven record of growing the inorganic way. Our approach has always been to acquire companies that can help us bolster our capabilities and market reach.

Our acquisitions have accelerated the pace of our growth, while providing us access to new markets, customers and business segments. We acquired the Hungary-based CDMO company, Soneas, in May 2018 for ~€15 million. The Soneas group consists of two segments, namely Soneas Research and Soneas Chemicals. It has about 178 employees and their revenues touched ~€11 million in 2017.

The Soneas Research has seven research laboratories, three analytical laboratories and one NMR laboratory. Soneas Chemicals has a large-scale manufacturing site comprising two production units and one unit each for hydrogenation and distillation, along with drying and packaging processes. Soneas has advanced capabilities in new chemical entity (NCE) development as well as emerging technologies such as metal catalysis and heterocyclic chemistry. It also has capabilities for varied end usage, which includes neurology, dermatology, metathesis catalysts and synthetic hormones, among others.

SONEAS' OFFERINGS

Services/Offerings	Total capacity
Process development (Soneas Research) • Rapid development of APIs and their intermediaries • Custom contract manufacturing of cGMP APIs and their intermediaries (laboratory to pilot plant scales)	7 laboratories, 20 chemists and support 4.4 m^3 reactor capacity
Large-scale non-cGMP contract manufacturing (Soneas Chemicals) • Contract manufacturing of API intermediates and fine chemicals (commercial scale)	200 m^3 reactor capacity

Potential synergies from the Soneas acquisition

1. Broadens UQUIFA's market offering in the CDMO space by enhancing its ability to undertake pre-clinical Phase I, II and III NCE project development

2. Enables the creation of a high-value project pipeline by feeding UQUIFA's existing cGMP inspected and approved manufacturing facilities in Spain and Mexico

3. Brings both cGMP pilot plant and over 180 KL of key starting material (KSM) cGMP capacities to the UQUIFA portfolio

4. Helps accelerate the growth of UQUIFA's CDMO business

5. Provides access to unexplored markets, new customers in the faster cycle sector of agro-chemicals and specialty chemicals

6. Makes UQUIFA an end-to-end solutions provider in the CDMO business

Looking ahead, we will make all the necessary investments in Soneas to facilitate its future growth.

and higher economic growth. Gradual improvement in capital expenditure incurred by corporates will be another catalyst for future global growth.

Overall, there is reason for cautious optimism for economies and businesses. While there is much each country can do on its own, multilateral cooperation on a range of issues remains essential for long-term sustainable growth.

Global growth

(%)

	2016	2017	2018 (f)	2019 (f)
World	3.20	3.80	3.90	3.90
Advanced market economies	1.70	2.30	2.50	2.20
Emerging market economies	4.40	4.80	4.90	5.10
United States	1.50	2.30	2.9	2.70
Euro area	1.80	2.30	2.40	2.00
China	6.70	6.90	6.60	6.40
Japan	0.90	1.70	1.20	0.90
Russia	-0.20	1.50	1.70	1.50
India	7.10	6.70	7.40	7.80

Source: World Economic Outlook, April 2018, International Monetary Fund (IMF)
(f): forecasted

Indian economy

Notwithstanding the transitory hardship caused by the implementation of the Goods and Services Tax (GST), the Indian economy remained among the world's fastest growing economy in the FY 2017-18. It grew by 6.7% during the year, which is lower than the growth recorded in the previous year. However, the momentum witnessed in the last quarter (growth of 7.7%) of the year is encouraging.

India's fiscal deficit stood at 3.53% during the year; and was broadly in line with the revised target of 3.5%. The Government of India expects to bring it down further to 3.3% of the GDP in FY 2018-19. Another notable highlight was that India ranked 100th in the global ease of doing business index, vis-à-vis 142 about four years ago. Inflation remained under check during the year with the Consumer Price Index (CPI) declining to 4.28% in March 2018, supported by stable prices and the prudent monetary policy adopted by the Reserve Bank of India (RBI).

Growth enablers

Emphasis on the rural economy

- Higher spending on social schemes such as National Rural Employment Guarantee Act (NREGA)
- Continued thrust on rural infrastructure projects
- Increase in minimum support prices
- Implementation of the seventh Pay Commission and One Rank, One Pension scheme
- Two successive years of favourable monsoon

Rapid growth of infrastructure sector

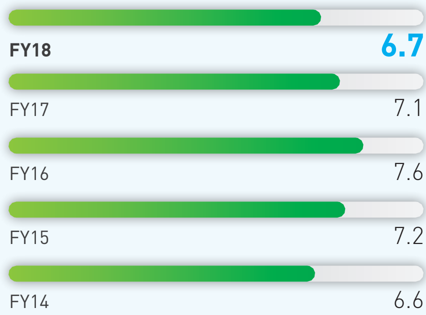
- Higher budgetary and non-budgetary support to roadways, railway network and rural infrastructure
- Implementation of reforms in the power sector
- Buoyant manufacturing and construction sectors

Potential upswing in private investment

- Improving domestic demand
- Benefits from reforms to enable gradual pick-up in private sector investment

India's GDP growth

(%)



Source: CSO

Outlook

In this scenario, the Indian economy is likely to grow by 7.4% during FY 2018-19 (Source: RBI). The year was marked by multiple key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The country's economic outlook is expected to strengthen further in FY 2018-19. However, the signs of green shoots should not be a reason for complacency as downside risks remain. The major challenges for the economy will be to tame inflationary pressures, coupled with higher fiscal deficit and increasing debt burden. Revival of consumer demand and private investment can play a major role in steering the economy forward.

INDUSTRY OVERVIEW

Global pharmaceutical industry

The pharmaceutical industry is one of the world's fastest growing industries and among the major contributors to the global economy. The sector's growth is the outcome of healthcare spending, ease of access to healthcare facilities and the economic performance of countries.

Another notable highlight of the year was that India ranked 100th in the global ease of doing business index, vis-à-vis 142 about four years ago.

According to the IQVIA Institute, net spending on branded medicines in developed markets increased from $326 billion to $395 billion over the past five years. It estimates that net spending on brands is likely to remain unchanged with a possibility of 1-3% decline in developed markets to $391 billion in 2018. The institute believes that patent expiry will be 37% higher between 2018 and 2022, compared to the preceding five years.

The trend of players across the world looking to achieve higher cost efficiencies is likely to continue. These developments augur well for generics products, which may witness healthy growth from here on. As pricing pressure in the US is expected to continue, overall industry revenues will be driven by higher volumes.

In this environment, pharmaceutical companies that are aligning to the evolving market dynamics, transforming their product portfolios, stepping up emphasis on trimming costs and focussing on high-potential therapeutic areas and markets are likely to stay ahead of the curve.

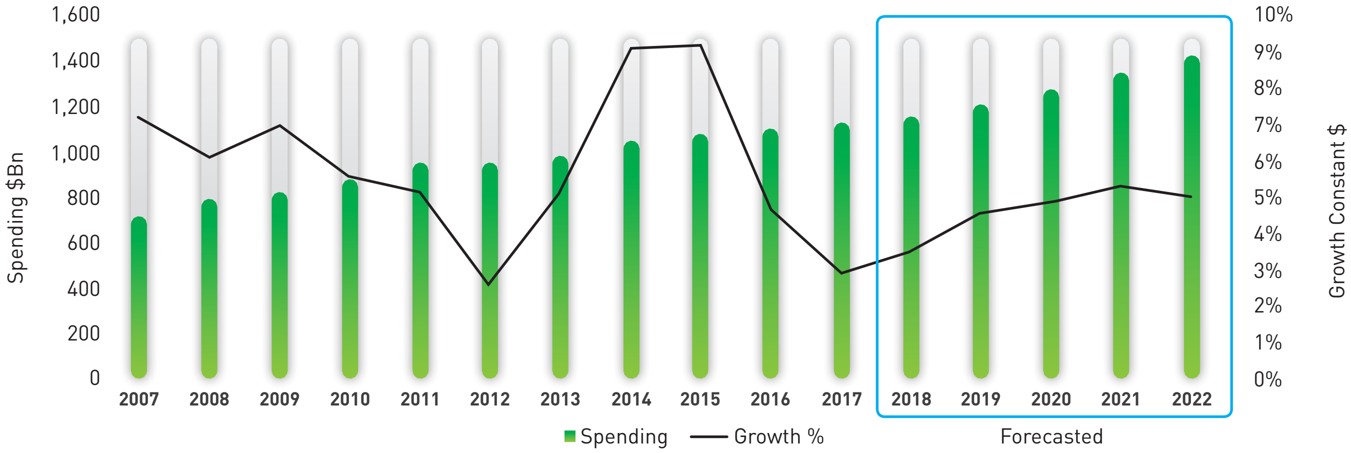
Outlook

Global medicine spending is forecasted to reach $1,415-1,445 billion levels by 2022. Of this, 65% spending is likely to come from developed markets, 25% from pharmerging countries and the remaining from the RoW. Pharmerging markets will be driven by volume changes and the use of generics will grow by 7-8% in 2018.

China, the world's largest pharmerging country, is likely to grow by 5-8% over the next five years to reach $145-175 billion in 2022. The companies focussing on specialty medicines such as oncology, auto-immune disorders and diabetes treatments are likely to see breakthrough innovations.

Global medicine spending and growth 2007-2022

($ BILLION)



Source: IQVIA Market Prognosis, Sep 2017; IQVIA Institute, Oct 2017

COUNTRY-WISE PERFORMANCE ANALYSIS

United States

In the US, spending on medicines remained rather flat with just 0.6% growth in 2017 (after off-invoice discounts and rebates) to $324.4 billion. New oncology medicine growth slowed in 2017 due to fewer launches, and the fact that medicines catered to smaller populations. While biologics grew in 2017, spending on biosimilars too increased in the year. Continued pricing pressure in protected branded products, decline in the price of generics products and lower growth of new products, impacted spending on medicines in the US.

The net total spending in the US is estimated to grow 2-5% over 2018-22. On one hand, innovation will drive spending growth, while on the other, sluggish pricing growth and rising impact of patent expiries will decrease overall spending growth partially. The impact of loss of exclusivity on overall spending is likely to be 40% higher in the next five years (including biosimilars) vis-à-vis the preceding year. Net price growth for protected brands is estimated at 1-4% over 2018-22 owing to higher public pressure on medicine pricing.

Over the preceding decade, the share of generic drugs in overall prescriptions in the US has surged from 72% to around 90%. This trend is likely to continue with the generics share touching

Share of generics in the beginning of chronic treatments

85%
2012

90%
2017

Share of generics in continuing prescriptions

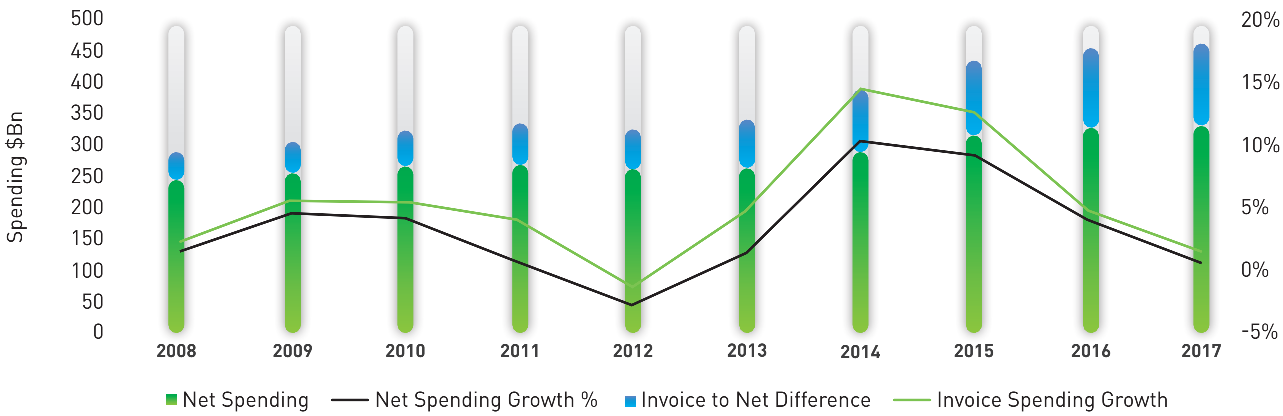
84%
2012

89%
2017

92% of total prescriptions over the next five years. As more medicines lose patent protection, the shift to generic medicines will gather further momentum. Currently, a majority of new therapy initiations and continuing prescriptions are with generics.

Total spending on medicines and growth

($ BILLION)



Source: IQVIA Market Prognosis, September 2017; IQVIA Institute, October 2017

INDIAN COMPANIES IN THE US

Strengths and opportunities

- Over 40% of generic medicines in the US are supplied by India, leading to low healthcare costs in the US
- Generic medicines, made in India, cost a tenth of the branded drugs sold in the US
- Rising trade disputes between the US and China may open up growth avenues for Indian companies exporting to the US

Challenges

- High pricing pressure in the US market owing to enhanced competitive intensity and consolidation of distribution channels
- Average 8-9% price erosion is being witnessed in the generic medicines sold in US
- Pricing pressure is expected to continue in the future

Europe

Europe's pharmaceutical market is likely to grow by 1-4% over 2018-2022 (Source: IQVIA Market Prognosis, October 2017). The five major European countries (France, Germany, Italy, Spain and the United Kingdom) are among the top few nations witnessing strong growth in the specialty medicines space, and have a specialty share above 41%.

Generic medicines represent a large segment in the European Union (EU) and are expected to account for 70-80% of medicines used in Europe by 2020.

Spain is a relatively under-penetrated market as pharmaceutical products form about 16-17% of its total health expenditure. The generic medicines penetration is 40% by volume in the reimbursed market. These facts reflect the high growth potential of this market.

EU5 forecasted sales for 2022 ($ billion)

EU5	170–200
Germany	51-61
France	36-40
Italy	34-38
UK	29-33
Spain	24-28

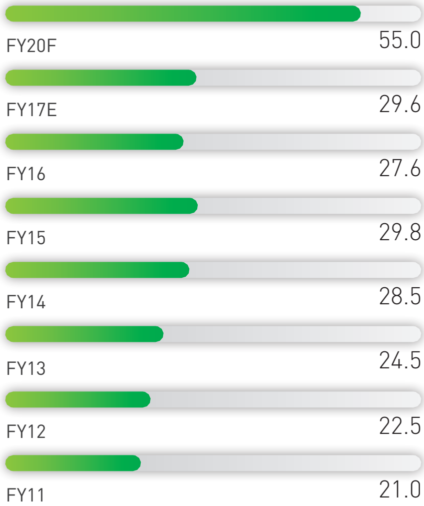
Source: IQVIA

India

According to the IBEF Pharmaceuticals Report dated March 2018, India's pharmaceutical market grew 5.5% in 2017. The ability to manufacture pharmaceutical products at much lower costs relative to other countries is a primary competitive advantage enjoyed by the domestic pharmaceutical industry.

Revenue growth of Indian pharma sector

($ BILLION)



Source: IBEF Report, March 2018 (f): forecasted

Government-sponsored healthcare solutions, growing private players in the insurance space, encouragement of scientific talent for innovation, consistent economic progress and higher healthcare awareness drive industry growth.

Competitive advantages

- Largest exporter of formulations in terms of volume, with 14% market share
- Third-largest global generic API merchant market in 2016
- Accounts for over 10% of global pharmaceutical production

Government impetus

- Allowance of 100% foreign direct investment in the sector through the automatic route
- Reduced approval time for new facilities
- Pharma Vision 2020 to make India a major hub for end-to-end drug discovery and manufacturing in the world
- Announcement of National Health Policy, 2017, focussing on providing quality, affordable healthcare facilities across the country
- National Health Protection Scheme aimed at providing annual health insurance cover of up to ₹5 lakh per family
- Exemption to drugs manufactured through indigenous R&D from price control under National Pharmaceuticals Pricing Policy (NPPP), 2012

Outlook

India's pharmaceutical industry is estimated to grow at $100 billion by 2025 and account for 3.1% to 3.6% of the global industry.

Macro enablers like rising penetration of health insurance, growing number of stress-related diseases, higher incidences of fatal diseases, improvement in medical infrastructure and increasing size of middle-class households are likely to steer industry growth.

India's pharmaceutical exports are expected to reach $20 billion by 2020 compared to $10.76 billion during April 2017-January 2018. Rising trade disputes between the US and China may lead to greater export opportunities for both countries. The country's share in the export of global generic medicines stands at 20% and it is the largest manufacturer of generics globally.

India can play a prominent role in providing low-cost, high-quality generic medicines across the world. The generics market is slated to reach $27.9 billion by 2020 and currently accounts for about 70% of India's pharmaceutical industry.

COMPANY OVERVIEW

From its humble beginnings as a small, entrepreneurial family-operated business back in 1991, Vivimed has evolved into an integrated, globally recognised supplier of niche molecules and formulations across healthcare, pharmaceuticals and specialty chemicals segments. The pharmaceuticals segment forms 83.5% of the Company's revenues with specialty chemicals contributing the rest. Vivimed offers both generic and branded pharmaceutical products, and is a global leader in the development of innovative photochromic dyes. Through UQUIFA, the Company operates in both the generic API and CDMO API segments with nearly 60 unique APIs manufactured on a monthly basis and in excess of 1200MT of final product across its EU and NA manufacturing footprint annually. The Company has 12 manufacturing facilities, six R&D centres and global support offices in India, China, Europe and the US. It follows the highest levels of compliance and manufactures high-quality products across its facilities.

World-class facilities certified by leading regulators

Jeedimetla, Hyderabad	• PIC/S, NDA, WHO-GMP approvals
Kashipur, Uttarakhand	• ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications • WHO-GMP/NAFDAC approvals
Klar-sehen, Jeedimetla, Hyderabad	• ISO 13485 certified • CE marking certificate for medical devices
Haridwar, Uttarakhand	• ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications • ISO 13485 certified
Alathur, Tamil Nadu (part of the JV with Strides Shasun)	• US FDA approved facility
UQUIFA, Spain (2 Units)	• US FDA approved facility
UQUIFA, Mexico	• US FDA approved facility
Soneas, Hungary	• cGMP pilot plant and over 180 KL of key starting material (KSM) cGMP capacities

OPERATIONAL REVIEW

The key operating highlights of the business during the year were:

- Vivimed, through its Spanish subsidiary, Vivimed Spain, acquired Soneas, a Hungary-based CDMO player and manufacturer of fine chemicals for pharmaceutical and other sectors. Soneas now offers a full product offering for the CDMO sector for its customer base.
- Vivimed's subsidiary UQUIFA continues to maintain a healthy balance across the generic and CDMO segments with market share gains and above-trend growth in key molecules. New generic launches (five new products filed) are on track with a good seeding pipeline and are aimed at improving profitability further.
- Vivimed raised $50 million from Orbimed Asia III Mauritius Limited to increase capacity and drive higher organic growth of the Company's API business. This is a validation of its business model and the team's execution capability.
- Vivimed successfully registered eight products in anti-viral, pain management and cough suppressants categories in the formulations business for India and RoW markets.
- Vivimed formed a distribution agreement with Alter Ego LLC for distributing its products in Ukraine, Russia and other CIS* regions.
- Vivimed's speciality chemicals division continues to see a healthy increase in the demand for basic and oxidatives dyes.
- VLE's photochromics and other chemicals grew at a steady pace and has some interesting new products in the pipeline.

BUSINESS OVERVIEW

Pharmaceuticals

Vivimed is an integrated pharmaceutical company and manufactures APIs and formulations for various therapeutic areas. The Company's API business comprises of generic/regulatory APIs and APIs for the CDMO segment. This constitutes 70% of its total pharmaceutical business and the balance is contributed by the Finished Dosage Formulations (FDFs) segment. Within the FDF business, it provides contract manufacturing services to some of its marquee clients in the pharmaceuticals space, namely Novartis International AG, Glenmark Pharmaceuticals, Lupin, GlaxoSmithKline Pharmaceuticals Ltd. (GSK Pharmaceuticals), Dr. Reddy's Laboratories, Cipla, Abbott Laboratories, Merck Serono, Wockhardt, and so on.

The Vivimed edge

- Diversified products across various therapeutic categories owing to its proven expertise in the field of chemistry
- Integrated operations lend high cost-competitiveness to the Company
- Long-standing association with marquee clients in the pharmaceuticals segment
- Tie-ups with innovator companies in the CDMO business
- JV with Strides Shasun to develop and commercialise various ANDAs in the US

*the Commonwealth of Independent States

OPERATIONAL HIGHLIGHTS OF FY 2017-18

Effective measures to counter key RM price increases

The increase in the cost of some raw materials (for API and CDMO operations) sourced from China have affected the gross margins during the third and fourth quarter of the reporting period.

The Company is proactively re-engineering its supplier base to mitigate this risk and to qualify new suppliers of raw material and/or making it captive wherever feasible. Further measures like sourcing from countries other than China have also been initiated by the Company.

Mitigating the foreign currency transaction exposure

Vivimed has both exports receivable and imports payable in foreign exchange revenues resulting in a natural hedge towards minimising the cash flow risk on account of fluctuations in foreign exchange rates.

Vivimed avails long-term foreign currency liabilities (primarily in $ and €) to fund its capital investments and also avails short-term foreign currency liabilities to fund its working capital requirements. Foreign exchange risk arising from mismatch of foreign currency assets, liabilities and earnings is tracked and managed within the risk management framework by periodic review. The Company ensures compliance with all the regulations of foreign exchange market from time to time.

Financial highlights of the pharma segment FY 2017-18

Revenues
(₹ CRORE)

FY18 **985**

FY17 1,010

EBIT margin
(%)

FY18 **10.5**

FY17 14.3

- Revenues from the hived-off FDF business are included in the previous year's statistics and hence the current year revenues look to be at a lower level compared to the FY 2016-17 numbers
- Revenues were driven by strong order book in the CDMO and the generic API businesses
- Higher input costs have impacted margins especially in the last two quarters of the year

API and CDMO segment (UQUIFA)

The Company's Spain-based subsidiary, UQUIFA S.A. houses its API and CDMO businesses and has established a strong foothold in the European and North American markets over the past eight decades. Its manufacturing facility in Spain represents 70% of UQUIFA's overall revenues during the year with the facility in Mexico contributing to the rest.

UQUIFA has state-of the-art manufacturing facilities in Spain (2 plants) and Mexico (1 plant). All the three facilities are approved by the US FDA, and this provides it with a significant competitive advantage vis-à-vis its peers. It has filed over 40 Type II Drug Master Files (DMFs) with the USFDA and 150+ active DMFs worldwide.

Competitive advantage of the API segment

Global Footprints

- Serving customers across 3 continents
- FDA approved facilities in Spain and Mexico
- R&D facilities spread across India, Spain, Mexico and Hungary

Diversified product portfolio

- Products spanning different therapeutic categories
- CRO facilities combined with CDMO
- 40 Type II DMFs filed and more than 150 active DMFs worldwide

FDA Approved Production Facilities

- 3 multi-product plants across continents
- Compliant with US FDA/EDQM regulatory requirements
- Aggregate reactor capacity of 470 KL

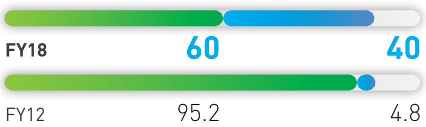
Strong Reputation as a Supplier

- Long-standing relationships with leading pharma names
- Multi-product relationships with blue-chip customers
- High agility as it is the top supplier to many customers

In the API business, UQUIFA's generics segment continues to witness healthy traction owing to the strong demand for generic medicines, addition of new customers and strong brand equity in the European markets.

Over the years, UQUIFA has focussed on diversifying beyond the API business by ramping up its CDMO business, which has rapidly grown over the preceding few years and now accounts for 40% of UQUIFA's total revenues. The Company's robust R&D talent, focus on offering future-ready, innovative products and partnerships with reputed global players like GSK Pharmaceuticals, Pfizer, Gilead Sciences and Esteve, among others have been the primary catalysts behind this growth.

Rising share of CDMO in the API segment
(%)



API CDMO

Key strategic focus areas

- Expanding the therapeutic portfolio across anti-ulcers, CNS and CVS categories
- Achieving stronger client mining
- Determining the correct pricing to strengthen competitive positioning
- Launching new products in the generics business with focus on customer-driven projects
- Innovating on co-development options to build stable, profitable growth
- Continuing to grow the high-potential CDMO business
- Expediting projects with innovators at stage-2/stage-3 of development

Customer value proposition offered by the CDMO business

- Protect clients' intellectual property
- Expertise in chemistry skills
- Strong quality-control system approved by regulators and customers
- Technical expertise in manufacturing a wide range of APIs benefits in the co-development of the CDMO products
- Higher cost-efficiencies owing to backward integration in the business
- Bespoke offerings to suit clients' requirements

Opportunities

Benefit from higher regulatory concerns	UQUIFA will be a key beneficiary of this trend, given its strong position in the markets of the US and Europe
Extended global reach	UQUIFA can enhance its presence in existing markets owing to its multiple manufacturing plants
Achieve higher than industry growth	UQUIFA's focus on innovation, expertise in chemicals and ability to scale up substantially can enable it to achieve industry-leading growth
Benefit from high-entry barriers	Highly regulated nature of the industry and associated high costs act as strong entry barriers for new players, thereby benefitting existing players like UQUIFA

Growth enablers

- Vivimed through its subsidiary Vivimed (Spain) recently acquired Soneas, a Hungary-based CDMO company. This acquisition will help UQUIFA in achieving a prominent positioning in the pre-clinical stage market. Together, UQUIFA and Soneas will provide end-to-end solutions across the CDMO value chain. Access to newer geographies in Europe and Japan, addition of more chemistry capabilities and addition of non-pharmaceutical customers in the agro-chemicals and specialty chemicals space are other synergies from this acquisition. Soneas will, thus, play a prominent role in growing UQUIFA's CDMO business in the future.
- A key highlight of the year gone by was that UQUIFA invested nearly 35-40% of its capex of €5.5 million towards growth capex, with the rest being towards maintenance of existing facilities and compliance. The Company added reactor capacity, drying capacity in its Spanish plant and believes that this capex will boost its sales productivity.
- In recent times, UQUIFA has stepped up focus on new, high potential markets of Japan, Korea and India. It is looking to cater to generic companies in these countries, which are selling to Europe or the US. These markets contribute less than 10% of the generic sales at UQUIFA currently and the Company believes this metric could nearly double over the next 2-3 years.
- The Company's generic business will be driven by new products (via co-development) in the coming years. In this business, the focus will be on products relevant to the European market. UQUIFA has a strong customer base in Europe and is looking to further enhance this in the future. These products will get into commercialisation from 2022-23 onwards and will aid growth of the generics business. The generics business' existing products continue to witness healthy traction and its current order book stands at a high compared to the recent past.

FDF SEGMENT

Vivimed offers high-quality dosage forms and novel drug systems through its FDF segment. This business operates in three areas of contract manufacturing (CM), generics and branded products. Under the CM business, the Company offers a diversified product suite comprising capsules, tablets, syrups and liquids, nasal sprays and ointments. It manufactures products for many bellwether pharmaceutical companies such as GSK, Dr. Reddy's, Cipla and Merck Serono, to name a few.

With a total capacity of 2 billion solid oral dosages, the FDF segment is focussed on the institutional business in the RoW pharma market. Its recent JV with Strides Shasun is expected to lend higher visibility and stability to this business. The Company also offers diverse branded formulations portfolio in pain management, neutraceuticals, and dermatology categories to markets such as India, Southeast Asia and the Middle East, among others. During the year, the Company has filed three ANDAs through its JV alliance and has received approvals for two of them.

Key strategic focus areas

- Developing innovative formulations across multiple delivery formats for RoW markets
- Focus on exports to the RoW market
- Expanding markets of generic brands, and thereby bolster sales
- Increase focus on the anti-bacterial, pain management and CNS categories
- Boosting revenues and strengthening position in the formulations business through the JV with Strides Shasun
- Strengthening filing pipeline of 4-6 new filings every year
- Ramping up the contract research and manufacturing services (CRAMS) business
- Achieve optimum utilisation of existing capacities

Growth enablers

- Integration of FDF offerings with Vivimed's API portfolio will be a key focus area in the future. With rising competition and intensifying pricing pressure, the US market is becoming a challenge. The Company is, therefore, focussing on niche categories of complex molecules, which is characterised by lesser a number of players and highly-profitable products.
- Vivimed's JV with Strides Shasun is likely to be a major growth engine in the future. The vertical integration with the APIs of both the JV partners, and exploitation of the mutual formulation capabilities, brings a clear competitive advantage to this JV. Vivimed aims to expedite its R&D, filings and approvals process through this JV. The Company is looking to achieve five ANDAs per year from this JV in the complex generics space.

- The Company is aiming to ramp up its manufacturing capacity for the CMO business. While the existing business continues to witness momentum, the additional capacity will provide further boost to its revenues. Vivimed is expecting approvals for one or two major molecules in the next few months, which will provide significant boost to this business.
- Vivimed has a dedicated plant in Hyderabad offering ophthalmic products, which caters to the Indian and Russian markets. The Company is looking to develop dosage forms for the RoW market for niche products in this category.

The Company aims to see a 75% utilisation of its capacities in 2018. Of its total capacity of 1.5 billion, around 700 million was added recently.

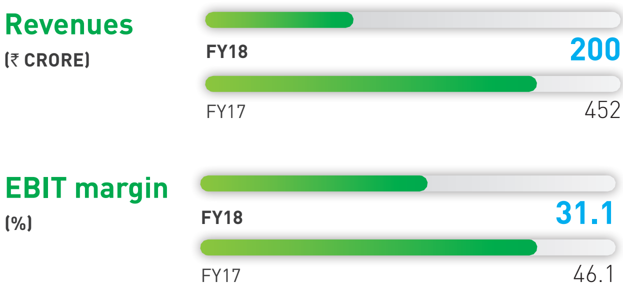
Specialty Chemicals

Vivimed manufactures hair dyes, photochromic dyes, anti-microbials and imaging chemicals under this segment. These products are used in the home care, personal care and industrial product categories. Its product suite spans over 100 products catering to 300+ customers. These products are manufactured at its facility located in Bidar, Karnataka, imbibing industry-best environmental standards in its operations. Its research and development facilities are located in Nacharam, Hyderabad and Huddersfield in the UK. Its customers include leading consumer product MNCs like Procter & Gamble, Unilever and L'Oreal, among others.

Advantage Vivimed

- World leader in the development of innovative photochromic dyes
- Patented processes for novel dyes for various applications
- Global delivery model
- Strong culture of compliance
- Unique product mix portfolio

Financial highlights of FY 2017-18



- Strong traction in the hair dyes as well as photochromics businesses fuelled revenues of this segment
- The year witnessed strong sales for semi-permanent dyes and oxidative dyes
- Hair dyes and photochromics businesses grew by 17% and 37%, respectively compared to the previous year in GBP terms

The margins at 31.1% in the current year, although good, look lower in comparison to 2016-17 figures, as the previous year included margins from the sale of the personal care business to Clariant India Ltd.

Key strategic focus areas

Going forward, hair dyes, and photochromics for optics, will continue to drive the revenues for this business. Vivimed is exploring the use of photochromics in areas such as toys, films, clothes and cosmetics like nail polish.

Increasing market share from existing products

- Jarocol
  - This is a globally recognised trademark serving a £10 billion retail market and is growing by 5-6% year-on-year
  - Vivimed has aligned with global R&D teams through collaborations to bring new and safer dyes in the market
  - Vivimed is well-positioned to cater to customers in the Tier-II and Tier-III categories
- Reversacol
  - A niche IP protected eyewear photochromic dyes brand
  - Growth strategy includes marketing for applications other than for optical uses in textiles, automotives and other industries
- Anti-microbial and pharma intermediate business
  - Strategic manufacturing alliances with multi-nationals poised for robust growth

New focus verticals

- Naturals
  - Cosmeceuticals
  - Neutraceuticals: Dietary supplements
- Personal care (through alliances)
  - Peptides
  - Ceramides
- Lateral shift
  - Anti-fungal in paints industry
  - Air bag actives in automotive
  - Printable electronics
  - Water treatment, lens projects

OUTLOOK

Vivimed aspires to target a revenue mix of 90:10 between the pharmaceutical and specialty chemicals businesses. The Company has earmarked average annual capex of ₹10 crore over the next two to three years.

It has laid out its future plans, with a five-point agenda, to leverage emerging opportunities across its businesses. They are:

- Emerging as a true blue multinational company of Indian origin in the pharmaceutical sector
- Penetrating world markets by fortifying existing manufacturing and distribution capabilities
- Driving collaborative growth with strategic partners in select verticals to create higher value
- Emerging as a preferred knowledge partner in the CDMO segment and challenging itself with its synthetic chemistry capabilities
- Achieving synergies between its API and FDF divisions to be the end-to-end solution provider for its customers

FINANCIAL REVIEW

FY 2017-18 was the year of consolidation for Vivimed. It was the first full year of operations after the Company divested its non-focus areas in the FDF and specialty chemicals businesses to Exeltis and Clariant India Ltd., respectively. Given this, the financial results are not strictly comparable with the results of FY 2016-17, which included revenues from these divested businesses.

Consolidated performance

(₹ crore)

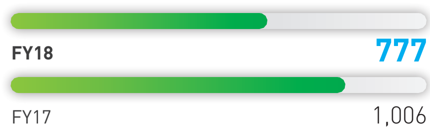
Particulars	FY 2016-17	FY 2017-18
Revenue	1,258*	1,186
EBITDA	246*	222
Net profit	85*	76

*Normalised for one-time gain from sale to Exeltis and Clariant India Ltd.

On a consolidated basis, the revenue growth was impacted partly as some of the volumes booked in the CDMO business are now likely to accrue over the next few quarters. Also, the sharp spike in the prices of raw materials sourced from China had a bearing on the margins of the Company's API business. Weak revenues had an impact on the EBITDA margin, which declined from 27.6% in the previous year to 17.8%. Notably, EBITDA margin was higher in the previous year on account of gains from businesses divested to Exeltis and Clariant India Ltd. Increase in interest costs further impacted the net profit margin, which came down from 14.7% in the previous year to 6.4% in the FY 2017-18.

De-leveraging of balance sheet

Debt
(₹ CRORE)



During the year, the Company brought down its debt by 23% to ₹777 crore from ₹1,006 crore in the preceding year. With this, the consolidated debt to equity of the Company has been reduced to 0.64 times from 1.3 times in the FY 2016-17. The cash flows thus freed up will be used to grow the business further.

Notably, EBITDA margin was higher in the previous year on account of gains from businesses divested to Exeltis and Clariant India Ltd.

MANAGING RISKS IN AN EVOLVING BUSINESS

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

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

In addition to growing the FDF segment, the Company widened its product basket for the US market. Further, the Company's strong product pipeline – to be launched in the next couple of years – provides promise for robust growth from this revenue vertical.

Profitability risk
How will the Company improve business profitability going forward?

Mitigation: The Company has strategically moved from the commodity to the value-added areas in both pharmaceuticals and specialty chemicals businesses lifting itself into uncluttered spaces, which promise superior return on investment. In the specialty chemicals vertical, the Company has selected to be present in niche product spaces, namely hair dye and photochromics that fetch premium margins. In the pharmaceuticals vertical, the Company is working on developing a pip eline of niche products (APIs and Formulations), which will facilitate in strengthening business margins.

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

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

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

Mitigation: The Company's passion for quality is reflected in its operation facilities successfully clearing audits and inspections from global regulatory authorities and globally-respected marquee clients over the recent past. This ensures quality products are delivered to customers on a sustained basis.

To upgrade its systems and processes to global best practices, the Company continues to invest in cutting-edge solutions for strengthening shop floor capability and in technical and sectoral knowledge for improving people capability.

Funding risk
How will the Company fund its growth initiatives?

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

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 30th Annual Report of your Company for the financial year ended 31 March 2018.

FINANCIAL RESULTS

The financial performance of your Company for the year ended 31 March 2018 is summarized below:

(₹ in million)

	Standalone		Consolidated	
	Year ended 31.03.2018	Year ended 31.03.2017	**Year ended 31.03.2018**	Year ended 31.03.2017
Gross Income	2,633.16	5,785.85	11,952.70	14,699.99
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	787.97	2,590.58	2,216.14	4,106.27
Finance Charges	518.02	588.39	794.83	658.71
Depreciation/Amortization	181.43	268.32	564.20	582.79
Net Profit Before Tax	88.52	1,733.87	857.11	2,864.77
Provision for Tax	(10.15)	470.43	96.21	725.02
Net Profit After Tax carried to Balance Sheet	98.67	1,263.44	760.90	2,139.75
Proposed Dividend amount	33.01	32.79	-	-
Proposed Dividend Tax amount	6.79	6.68	-	-

OVERVIEW OF COMPANY'S FINANCIAL PERFOMANCE

On a consolidated basis, your Company reported total revenue of ₹11,952.70 million as against ₹14,699.99 million. EBITDA for FY2018 was ₹2,216.14 million compared to ₹4,106.27 million in the previous year. Net profit after tax for the group for the current year is ₹760.90 million as against ₹2,139.75 million in the previous year.

Total revenue from operations on standalone basis stands at ₹2,633.16 million as against ₹5,785.85 million in the previous year. FY2018 EBITDA was ₹787.97 million compared to ₹2,590.58 million in the previous year. The Profit after Tax for the current year is ₹98.67 million as against ₹1263.43 million in the previous year.

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year FY2018 and the date of this report.

SHARE CAPITAL

The Authorised Share Capital of the Company is ₹111,00,00,000/- (Rupees One Hundred Eleven Crores only) comprising 20,00,00,000 (Twenty crores) Equity Shares of ₹2/- (Rupees Two Only) each, and 71,00,00 (Seven Lakh Ten Thousand only) Preference Shares of the Company with a par value of ₹1,000/- (Rupees One Thousand only) each.

During the year under review, the Company had allotted 15,05,000 equity shares of ₹2/- each to the eligible employees under ESOP Scheme, 2010. Accordingly, the share capital has increased as follows:

Paid Up Capital as on 31 March 2017	Movement during the year 2017-18	Cumulative Paid Up Capital after such movement
8,10,18,915 equity shares of ₹2/ -each	Allotted 15,05,000 equity shares of ₹2/- each in April & November 2017 under ESOP Scheme, 2010	8,25,23,915 equity shares of ₹2/- each

TRANSFER TO GENERAL RESERVE

The Company proposes not to transfer funds to general reserves for the FY2018. The total Reserves & Surplus (including Capital Reserve, Securities Premium Reserve, Central Subsidy, General Reserve and Surplus) as on 31 March 2018 is ₹5,509.07 million.

DIVIDEND

Your directors are pleased to recommend a dividend of ₹0.40/- on every equity share of face value ₹2/- each (20%) for FY2018. The dividend, if approved at the 30th annual general meeting (AGM), will be paid to those shareholders whose names appear on the register of members of the company as of the end of day on 21 September 2018.

PUBLIC DEPOSITS

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

LOANS AND INVESTMENTS

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on 31 March 2018, are set out in the Standalone Financial Statements forming part of this report.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of your Company for the financial year FY2018 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, applicable Accounting Standards and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations").The consolidated financial statements have been prepared on the basis of audited/ unaudited financial statements of your Company, its subsidiaries and associate companies, as approved by the respective Board of Directors.

SUBSIDIARIES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's various businesses viz., the pharmaceuticals, Specialty chemicals, API's business, internal controls and their adequacy, risk management systems and other material developments during the financial year FY2018.

CORPORATE GOVERNANCE

A separate section on Corporate Governance practices followed by your Company, as stipulated under Schedule V(C) of the SEBI (LODR) Regulations, 2015 is enclosed forming part of this report. The certificate of the auditors with regard to compliance of conditions of corporate governance as stipulated under Schedule V (E) of the SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance.

INDUSTRIAL RELATIONS

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Retirement by Rotation and Subsequent Re-Appointment:

Shri. Manohar Rao Varalwar Director, is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered themselves for re-appointment. Mr. Subhash Varalwar who was appointed as a Whole-Time Director of the Company w.e.f. 14 August 2015 by the Board of Directors and Members have ratified his appointment in the AGM held on 30 September 2015 has shown his willingness to act as Non-Executive Director of the company with effect from 31.03.2018. Appropriate resolutions for their re-appointment/ appointment are being placed for your approval at the ensuing AGM. The brief resume of the Directors and other related information has been detailed in the Notice convening the 30th AGM of your Company. Your Directors recommend their re-appointment as Directors of your Company.

The Independent Directors of your Company are not liable to retire by rotation. Mr.Venkata Ratnam Paluri, Director of the Company demised on 01 July 2018. The Board expressed its condolences and appreciated and put on record the valuable services rendered by Mr. Venkata Ratnam Paluri during his tenure of directorship in the Company. Dr.Venkateswarulu Peesapati, has resigned from the Board of Directors of the Company and the same was accepted by the board in its meeting held on 13 August 2018

Shri.Santosh Varalwar, Managing Director, and Shri.K.Yugandhar, Company Secretary, are the Key Managerial Personnel of your Company in accordance with the provisions of Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

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

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

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

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

BOARD MEETINGS:

The Board and Committee meetings are pre-scheduled and a tentative calendar of the meetings shall be finalized in consultation with the Directors to facilitate them to plan their schedule. However, in case of urgent business needs, approval is taken by passing resolutions through circulation. During the year under review, Seven board meetings were held. The details of the meetings including composition of various committees are provided in the Corporate Governance Report.

DECLARATION OF INDEPENDENCE:

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters are adopted as per the provisions of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company.

EVALUATION OF BOARD'S PERFORMANCE:

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

NUMBER OF MEETINGS OF THE BOARD AND ITS COMMITTEES

The details of the meetings of the Board of Directors and its Committees, convened during FY2018 are given in the Corporate Governance Report which forms a part of this report.

HUMAN RESOURCES:

The management believes that the competent and committed human resources are vitally important to attain success in the organization. In line with this philosophy, utmost care is being exercised to attract quality resources and suitable training is imparted on various skill-sets and behavior. Annual sports and games were conducted across the organization to enhance the competitive spirit and encourage bonding teamwork among the employees.

EMPLOYEE STOCK OPTIONS:

During the year, the Company has allotted 15,05,000 (Fifteen lakhs five thousand only) equity shares of ₹2/- at a price of ₹24/- per share to various eligible employees of the Company under Employee Stock Option Schemes-2010 upon exercise of their vesting rights.

The details of stock options details of the stock options stated in the notes to accounts of the financial statements also forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

(I) Statutory Auditors:

The Board of Directors of your Company, on the recommendation of the Audit Committee, have recommended to the members for re-appointed of

M/s.P C N & Associates, Chartered Accountants, (Firm Registration No.016016S) as Statutory Auditors of the Company from the conclusion of 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting, subject to ratification by the members at every Annual General Meeting to be held during the said period.

(II) Cost Auditors:

In accordance with Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors') Rules, 2014 and the Companies (Cost Records and Audit) Amendments Rules, 2014, the Company maintains the cost records in respect of its business.

Your Board has appointed M/s.A.S.Rao & Co, Cost Accountants, (Firm Registration No.000326), as the Cost Auditors of the Company for the Financial Year 2018-19. As required by the Act, the remuneration of the Cost Auditors has to be ratified by the Members and accordingly the resolution relating to the Cost Auditors is being placed before the Members for their ratification.

(III) Secretarial Auditors & Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.N.V.S.S.Suryanarayana Rao, Practicing Company Secretary (Certificate of Practice No.2886), to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report issued in **Form MR-3** is in **Annexure-3** to this Report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

AUDITORS' QUALIFICATIONS /RESERVATIONS /ADVERSE REMARKS /FRAUDS REPORTED:

There are no Auditors' Qualifications or reservations or adverse remarks on the financial statements of the Company. The Auditors have not reported any frauds to the Audit committee as prescribed under Sec. 143(12) of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS / REGULATORS:

There are no significant and material orders passed by the Courts or Regulators against the Company.

INSURANCE:

All properties and insurable interests of the Company including buildings, plant and machinery and stocks have been fully insured.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Extract of Annual Return as on 31 March 2018 in **Form MGT-9** in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out herewith as **Annexure-4** to this report.

RELATED PARTY TRANSACTIONS:

In accordance with Sec 134(h) of the Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with the Related Parties referred to in Sec.188(1) of the Act, have been provided in **Form AOC-2** and attached the same as **Annexure-5**. The details of related party disclosures as stated in the notes to the financial statements forms part of this annual report.

VIGIL MECHANISM

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

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors had framed the policy on Corporate Social Responsibility and the Projects and Programs undertaken by the Company during the year under review have been provided in **Annexure-6** and forms part of this Report.

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

The information required under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014, is appended hereto as **Annexure-7** and forms part of this Report.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

GENERAL

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

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

DIRECTORS RESPONSIBILITY STATEMENT:

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

(a) in the preparation of the annual accounts for the financial year ended 31 March 2018, the applicable Accounting Standards and Schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there are no material departures from the same;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 March 2018 and of the profit and loss of the Company for the financial year ended 31 March 2018;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force) for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

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

CAUTIONARY STATEMENT

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

POLICY ON PREVENTION OF SEXUAL HARASSMENT:

The Company has formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace.

During the year under review, the Company has not received any complaints under the policy.

The Company has many systems, processes and policies to ensure professional ethics and harmonious working environment. We follow Zero Tolerance towards Corruption and unethical conduct. These are ensured through Whistle Blower Policy, Anti-Corruption Policy, Gift Policy, Sexual Harassment Policy and Redressal Guidelines.

APPRECIATION

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

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

For and on behalf of the Board

	Sd/-	Sd/-
Place: Hyderabad	**Manohar Rao Varalwar**	**Santosh Varalwar**
Date:13.08.2018	Whole-Time Director	Managing Director

Annexure - 1 to Board's Report

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

(₹ in million)

Sr. No.	Name of the Subsidiary/ Associates company	Turnover		Profit/(Loss) Before Tax		Profit/(Loss) After Tax	
		Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
A)	**FOREIGN SUBSIDIARIES**						
1	Vivimed Holdings Limited	Nil	Nil	(4.79)	(4.15)	(4.79)	(4.15)
2	Vivimed Labs Europe Limited	1295.77	1004.24	200.46	221.49	187.51	177.84
3	Vivimed Labs USA Inc	85.95	320.78	85.95	10.71	46.25	6.08
4	Vivimed Labs Mauritius Limited	5.10	Nil	(60.67)	(22.28)	(60.67)	(22.28)
5	Vivimed Labs UK Limited	136.50	Nil	(140.44)	(13.36)	(140.44)	(13.45)
6	Vivimed Labs Spain S.L	9.92	Nil	83.90	(204.77)	115.68	(142.58)
7	Union Quimico Farmaceutica S.A.U	6238.55	5706.33	465.90	522.57	403.80	408.28
8	Holiday International Limited	17.54	Nil	46.93	74.67	36.97	70.78
9	Uquifa Mexico S.A DE C.V	1965.48	2226.90	177.18	577.64	120.69	427.40
10	Vivimed Labs (Mascarene) Ltd	Nil		Nil		Nil	
B)	**INDIAN SUBSIDIARIES**						
1	Finoso Pharma Private Limited	95.07	64.88	5.80	(8.78)	4.70	(8.78)
2	Vivimed Specialty Chemicals Private Limited	Nil	-	Nil	-	Nil	-
3	Vivimed Life Sciences Private Limited	238.15	-	(37.05)	-	(37.05)	-
4	UQUIFA India Private Limited	Nil	-	Nil		Nil	

Notes: Indian rupees equivalent of the foreign currency translated at the exchange rate as at 31 March 2018 for current period and 31 March 2017 for previous period.

On behalf of the Board of Directors
for Vivimed Labs Limited

	Sd/-	Sd/-
Place: Hyderabad,	**Santosh Varalwar**	**Manohar Rao Varalwar**
Date: 13.08.2018	Managing Director	Whole-Time Director

Annexure - 2 to Board's Report

Particulars of Remuneration as per Section 197[12] of the Companies Act, 2013 Read With Rule 5[1] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014.

A. Ratio of remuneration of each Director to the median remuneration of all the employees of your company for the Financial year 2017-18 is as follows:

Name of Director(s)	Total Remuneration (₹)	Ratio of remuneration of director to the Median remuneration
Santosh Varalwar	60,00,004	27.37
Subhash Varalwar	60,00,004	27.37
Manohar Rao Varalwar	60,00,004	27.37
Sandeep Varalwar	60,00,004	27.37
Srirambatla Raghunandan	50,00,004	22.80
Prof M Bhagvanth Rao	4,00,000	1.82
Nixon Patel	50,000	0.22
Peesapati Venkateswarulu	2,75,000	0.68
Paluri Venkataratnam	4,25,000	1.93
Umanath Varahabhotla	2,50,000	1.14

Notes:
1. The information provided above is on standalone basis.
2. The remuneration of Non-Executive Directors is sitting fees paid to them for the financial year 2017-18
3. Median remuneration of the Company for all its employees is ₹2,19,209 /- for the financial year 2017-18.

B. Details of percentage increase in the remuneration of each Director and CEO, CFO & Company Secretary in the financial year 2017-18 are as follows:

Name(s)	Designation	Remuneration (in ₹) 2017-18	Remuneration (in ₹) 2016-17	Increase (in %)
Santosh Varalwar	Managing director	60,00,004	60,00,004	0
Subhash Varalwar	Whole-time director	60,00,004	60,00,004	0
Manohar Rao Varalwar	Whole-time director	60,00,004	60,00,004	0
Sandeep Varalwar	Whole-time director	60,00,004	60,00,004	0
Srirambatla Raghunandan	Whole-time director	50,00,004	50,00,004	0
Prof M Bhagvanth Rao	Director	4,00,000	3,75,000	6.66
Nixon Patel	Director	50,000	50,000	0
Peesapati Venkateswarulu	Director	2,75,000	1,50,000	83.33
Paluri Venkataratnam	Director	4,25,000	6,75,000	(37.03)
Umanath Varahabhotla	Director	2,50,000	1,00,000	150.00
Ramesh Challa	Chief Financial Officer #	85,98,603	48,00,144	79.13
Pavan Kumar M	Chief Executive Officer#	12,78,560	76,92,960	(83.38)
Yugandhar Kopparthi	Company Secretary	21,78,262	20,84,850	4.48

Notes:
1. # Retired and Resigned / worked during the referred financial year
2. The remuneration to Non-Executive Directors is sitting fees paid to them for the financial year 2017-18.
3. The remuneration to Directors is within the overall limits approved by the shareholders of your Company.

C. Percentage increase in the median remuneration of all employees in the financial year 2017-18:

(Amount in ₹)

	2017-18	2016-17	Increase (in %)
Median remuneration of all employees per annum	2,19,209	2,24,693	(2.44)

D. Number of permanent employees on the rolls of your Company as on 31 March 2018:

Executive/Manager cadre	108
Staff	558
Operators/Workmen	228
Total	**894**

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

The decrease in average remuneration of all employees in the financial year 2017-18 as compared to the financial year 2016-17 was 2.44%.

The key indices of Company's performance are:

(₹ in million)

	2017-18	2016-17	Growth (%)
Net Revenue from operations	2,633.16	5,785.85	(55.33)
Profit Before Tax and Exceptional Items	88.52	1,733.87	(94.89)
Profit After Tax	98.67	1,263.44	(92.19)

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

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

The Profit Before Tax and Exceptional Items decreased by 95.12% in 2017-18, compared to 2016-17. The details of remuneration of Key Managerial Personnel are given in point 'H' below.

G. Details of Share price and market capitalization:

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

	As on 31 March 2018	As on 31 March 2017	Increase/ (decrease) (%)
Price Earnings Ratio	59.20	6.47	814.99
Market Capitalization(₹In million)	5,863.32	8,624.46	(32.01)

Comparison of share price at the time of first public offer and market price of the share of 31 March 2018:

Market Price as on 31 March 2018	71.05
Price at the time of initial public offer in 2005 (converted to price of each share for face value of ₹2/- each) ₹2/- each)	14.00
% increase of market price over the price at the time of initial public offer	407.5

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

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

	2017-18 (₹)	2016-17 (₹)	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	3,37,748	3,26,811	3.35
Key Managerial Personnel			
- Salary of MD	60,00,004	60,00,004	0
- Salary of CEO #	12,78,560	76,92,960	(83.38)
- Salary of CFO #	85,98,603	48,00,144	79.13
- Salary of CS	21,78,262	20,84,850	4.48

Note: # Retired and Resigned / worked during the referred financial year

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

Following are major principles for determining remuneration to the Directors:

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

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

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

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

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

L. List of employees of your Company employed throughout the financial year 2017-18 and were paid remuneration not less than ₹60 lakhs per annum

Name	Designation	Remuneration (₹)	Qualification	Experience (years)	Joining Date	Age (years)	Last employment
Santosh Varalwar	Managing director	60,00,004	Management Graduate	32	09/11/1989	56	Shiping Corporation of India
Subhash Varalwar	Whole-time director	60,00,004	Post Graduate in Chemical Engineering and a Management Graduate	44	09/11/1989	70	Fertilizer Corporation of India
Manohar Rao Varalwar	Whole-time director	60,00,004	post-graduation in Veterinary Sciences	57	10/11/1994	81	Department of Animal Husbandry, Government of Andhra Pradesh
Sandeep Varalwar	Whole-time director	60,00,004	Graduation in B. Pharmacy	26	23/01/2008	49	V V S Pharmaceuticals & Chemicals Pvt Ltd.

Notes:
1. Shri Santosh Varalwar, Shri. Manohar Rao Varalwar, Shri. Subhash Varalwar and Shri. Sandeep Varalwar (Directors) are relatives to each other.
2. The contractual terms of Shri.Santosh Varalwar, Shri.Manohar Rao Varalwar, Shri.Subhash Varalwar and Shri.Sandeep Varalwar (Directors) are governed by the resolutions passed by the shareholders in the 27th AGM of your Company held on 30 September 2015.
3. The above mentioned Directors are part of the promoter group and holding (Along with other promoters and persons acting in concert with them) 3,02,34,045 shares of ₹2/- each (36.64% to the total paid up capital) of your Company.
4. Remuneration includes salary, bonus, commission, various allowances, performance incentive, contribution to provident fund and superannuation fund and taxable value of perquisites but excludes provision for gratuity and leave encashment.

M. Employees employed for the part of the year and were paid remuneration during the financial year 2017-18 at a rate which in aggregate was not less than ₹5 lakhs per month:

Name	Designation	Remuneration (₹)	Qualification	Experience (years)	Joining Date	Age (years)	Last employment
				NIL			

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole-Time Director

Place: Hyderabad,
Date: 13.08.2018

Annexure - 3 to Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

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

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

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

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

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

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

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

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d. Drugs (Control) Act, 1950

e. Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945

f. Narcotic Drugs and Psychotropic Substances Act, 1985

g. The Food Safety and Standards Act, 2006

h. The Indian Boilers Act, 1923

I further report that -

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

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

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

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

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

Sd/-
NVSS Suryanarayana Rao
Company Secretary in practice
ACS No.5868
CP NO.2886

Place: Hyderabad
Date:13.08.2018

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

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

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

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

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My 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.

Sd/-
NVSS Suryanarayana Rao
Company Secretary in practice
ACS No.5868
CP NO.2886

Place: Hyderabad
Date:13.08.2018

Annexure - 4 to Board's Report

EXTRACT OF ANNUAL RETURN AS ON 31 MARCH, 2018

FORM NO. MGT-9

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

I. REGISTRATION & OTHER DETAILS:

i.	**CIN**	L02411KA1988PLC009465
ii.	**Registration Date**	22/09/1988
iii.	**Name of the Company**	Vivimed Labs Limited
iv.	Category/Sub-Category of the Company	Limited Company
v.	Address of the Registered office and contact details	Vivimed Labs Limited Plot No.78/A, Kolhar Industrial Area, Bidar, Karnataka-585403,INDIA Phone No.:+ 91-8482-232045, +91- 8482 - 232436 www.vivimedlabs.com
vi.	**Whether shares listed on recognized Stock Exchange(s)**	YES
	BSE Limited (BSE)	532660
	The National Stock Exchange of India Limited (NSE)	VIVIMEDLAB
vii.	**Name and Address of Registrar & Transfer Agents (RTA)**	Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad Telangana- 500029, INDIA Phone : +91-40-27638111/27634445 Fax : +91-40-27632184 Email : info@aarthiconultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled] - 16

SN	Name and address of the Company	Company Identification Number	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
1	**Finoso Pharma Pvt ltd** SP Biotech Park - Phase-I, Block-I Turkapally, Shameerpet Mandal Hyderabad TG 500078 IN	U24231TG2009PTC064774	Subsidiary	a)1015000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100%	2(87)
2	**Vivimed Specialty Chemicals Private Limited** PLOT NO. 78-A, KOLHAR INDUSTRIAL AREA,, KOLHAR, BIDAR - 585403, Karnataka, INDIA	U24100KA2015PTC081669	Subsidiary	a) 10,000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100% held by Vivimed Labs Limited	2(87)
3	**Vivimed Life Sciences Private Limited** 8-2120/86/9/A/1 & 12, Anil Athmaja HousingSocty, Road No: 2, Banjara Hills, Hyderabad, Telangana, India, 500034	U24304TG2017PTC115352	Subsidiary	a) 1,41,33,440 equity shares held by Vivimed Labs Limited, b) ₹10 each c) 50% held by Vivimed Labs Limited	2(87)

SN	Name and address of the Company	Company Identification Number	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
4	**UQUIFA India Private Limited** North End, 8-2120/86/9/A/1 & 12,, Anil Athmaja HousingSocty, Road No: 2,, Banjara Hills, Hyderabad, Telangana, India, 500034	U24304TG2017FTC118240	Subsidiary	a)10,000 equity shares held by Union Quimico Farmaceutica S.A.U b) ₹10 each c) 100% held by Union Quimico Farmaceutica S.A.U	2(87)
5	**Vivimed Holdings Limited** Rooms 2702-03, 27/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong	Not Applicable	Subsidiary	a) 10,000 equity shares held by Vivimed Labs Limited b) HK £ 1 each c) 100% held by Vivimed Labs Limited	2(87)
6	**Vivimed Labs Europe Limited** PO BOX B3,Leeds Road, Huddersfield, HD1 6BU	Not Applicable	Subsidiary	a) 1,00,000 b) GB £ 1 each c)100% held through Vivimed Holdings Limited)	2(87)
7	**Vivimed Labs USA INC.** 1100 Cornwall Road, Suite 160, Monmouth Junction, NJ 08852	Not Applicable	Subsidiary	a) 1000 b) US £ 0.01 each c) 100% held by Vivimed Labs Limited	2(87)
8	**Vivimed Labs Mauritius Limited** C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	Not Applicable	Subsidiary	a) 90,00,000 equity shares b) US £ 1 each c) 100% held by Vivimed Labs Limited	2(87)
9	**Vivimed Labs UK Limited** PO BOX B3,Leeds Road, HuddersfieldHD1 6BU	Not Applicable	Subsidiary	a) 1,30,53,755 b) £ 1 each c) 100% held through Vivimed Labs Mauritius Limited	2(87)
10	**Vivimed Labs Spain S.L.** c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	Not Applicable	Subsidiary	a) 18,27,5000 b) € 1 each c) 100% held through Vivimed Labs UK Limited	2(87)
11	**Union Quimico Farmaceutica S.A.U** c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	Not Applicable	Subsidiary	a) 8,23,529 nominative shares b) € 3.726275 each c) 100% held through Vivimed Labs Spain S.L.	2(87)
12	**Holliday International Limited** PO BOX B3,Leeds Road, Huddersfield, HD1 6BU	Not Applicable	Subsidiary	a) 101 ordinary shares b) £ 1 each c) 100% held through Vivimed Labs Spain, S.L.	2(87)
13	**Uquifa Mexico S.A. de C.V.** 37 Este, No 126, Civac, 62570 Jiutepec, Morelos, México	Not Applicable	Subsidiary	a) 36,54,96,000 b) No nominal value c) 100% 36,54,95,999 fully paid shares held by Holliday International Limited and 1 fully paid share held by Vivimed Labs UK Limited	2(87)
14	**Vivimed Labs (Mascarene) Ltd** C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	Not Applicable	Subsidiary	a) 1000 ordinary shares b) USD 1 each c) 100% held through Vivimed Labs Mauritius Limited	2(87)

SN	Name and address of the Company	Company Identification Number	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
	Associates				
1.	**Yantra Green Power Pvt. Ltd** Plot No.1303 And 1304, Sy.no.11/27, Second Floor, Khanamet, Hi-Tech City, Ayyappa Society, Madhapur, Hyderabad,Telangana	U40108TG2013PTC087049	Associate	2500000 shares of ₹10 each 35.66% held by Vivimed Labs Ltd	2(6)
2.	Vivimed Global Generics Pte Ltd 100 Cecil Street, #15-02, The Globe Singapore (069532)	Not Applicable	Joint Venture	a) 1000 ordinary shares held by Vivimed Labs Ltd and 1,422,763 ordinary shares held by Vivimed Labs Mauritius Ltd b)UD 1 each c) 50% held through Vivimed Labs Ltd and Vivimed Labs Mauritius Limited	2(6)

VI. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31 March 2017]@ ₹2/- each				**No. of Shares held at the end of the year [As on 31 March 2018]@ ₹2/- each**				% Change during the year
	Demat	Physical	Total	% of Total Shares	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. PROMOTERS									
(1) Indian									
a) Individual/ HUF	17072045	-	17072045	21.08	17072045	-	17072045	20.7	-0.38
b) Central Govt	0	-	0	0.00	0	-	0	0.00	0.00
c) State Govt(s)	0	-	0	0.00	0	-	0	0.00	0.00
d) Bodies Corp.	12482165		21482165	15.4	13162000	-	13162000	15.95	0.55
e) Banks / FI	0	-	0	0.00	0	-	0	0.00	0.00
f) Any other	0	-	0	0.00	0	-	0	0.00	0.00
Total shareholding of Promoter (A)	**29554210**	**-**	**29554210**	**36.48**	**30234045**	**-**	**30234045**	**36.64**	**0.16**
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	0	-	0	0.00	0	-	0	0.00	0.00
b) Banks / FI	266758	-	266758	0.33	243311	-	243311	0.29	(0.04)
c) Central Govt	96130	-	96130	0.12	96130	-	96130	0.12	0.00
d) State Govt(s)	0	-	0	0.00	0	-	0	0.00	0.00
e) Venture Capital Funds	0	-	0	0.00	0	-	0	0.00	0.00
f) Insurance Companies	0	-	0	0.00	0	-	0	0.00	0.00
g) FIIs	0	-	0	0.00	0	-	0	0.00	0.00
h) Foreign Venture Capital Funds	0	-	0	0.00	0	-	0	0.00	0.00
i) Others (specify) -Foreign Portfolio Investor	34266006	-	3426006	4.23	4325548	-	4325548	5.24	1.01
Sub-total (B)(1):-	**3788894**	**-**	**3788894**	**4.67**	**4664989**	**-**	**4664989**	**9.66**	**4.99**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	5398342	-	5398342	6.66	5290906	-	5290906	6.41	(0.25)
ii) Overseas	9150685	-	9150685	11.29	9150685	-	9150685	11.09	(0.2)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakh	16781281	-	16781281	20.69	22491250	107060	22598310	27.45	6.76

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31 March 2017]@ ₹2/- each				No. of Shares held at the end of the year [As on 31 March 2018]@ ₹2/- each				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	16629766	151515	16781281	20.71	3492184	187500	3679684	4.45	(16.26)
c) Others (specify)- NBFCs Registered with RBI	37500	-	37500	0.05	569925	-	569925	0.69	0.64
Non Resident Indians	3625723	-	3625723	4.47	3468266	-	3468266	4.2	(0.27)
Foreign Nationals	-	1369840	1369840	1.69	-	1369840	1369840	1.69	0.00
Clearing Members	1550373	-	1550373	1.91	1441015	-	1441015	1.75	(0.16)
Trusts	2000	-	2000	0	0	-	0	0.00	0.00
Foreign Bodies - D R	0	-	0	0.00	0	-	0	0.00	0.00
Sub-total (B)(2):-	**46154456**	**1521355**	**47675811**	**58.84**	**45904231**	**1720650**	**47624881**	**57.71**	(1.13)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**49943350**	**1521355**	**51464705**	**63.52**	**50569220**	**1720650**	**52289870**	**63.36**	(0.16)
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Grand Total (A+B+C)	**79497560**	**1521355**	**81018915**	**100.00**	**80803265**	**1720650**	**82523915**	**100.00**	**-**

B. Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2017) @₹2/- each			Shareholding at the end of the year (As on 31.03.2018) @₹2/- each			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	BBR Projects Private Limited	12482165	15.40	14.54	13162000	15.98	10.08	0.58
2	Santosh Varalwar	6099050	7.53	7.52	6099050	7.39	6.96	(0.14)
3	Varalwar Sandeep	3060965	3.78	3.70	3069765	3.72	3.63	(0.06)
4	Manohar Rao Varalwar	1744225	2.15	2.07	1794225	2.17	1.42	0.02
5	Sujatha Varalwar	1893995	2.34	2.34	1893995	2.3	2.3	(0.04)
6	Vithabai Varalwar	973345	1.20	1.17	973345	1.18	1.18	(0.02)
7	Varalwar Subhash	1675000	2.07	1.54	1616200	1.96	1.51	(0.11)
8	Sheetal Varalwar	568985	0.70	0	568985	0.69	0	(0.01)
9	S Raghunandan	317500	0.39	0	317500	0.38	0	(0.01)
10	Vijaykumar Varalwar	150000	0.19	0	150000	0.18	0	(0.01)
11	Madhavi Varalwar	200000	0.25	0	200000	0.24	0	(0.01)
12	Mamatha Gurnukar	150000	0.19	0	150000	0.18	0.18	(0.01)
13	Varalwar Padma	33250	0.04	0	33250	0.04	0	0
14	Neelima Vijaya Varalwar	100000	0.12	0	100000	0.12	0	0
15	Satish Gooty Agraharam	55635	0.07	0	55635	0.07	0	0
16	Chandrashekharrao Sudigali	50095	0.06	0	50095	0.06	0	0
		29554210	**36.48**	**32.88**	**30234045**	**36.64**	**27.27**	**0.16**

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

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

Sl.No.	Particulars	Shareholding: No. of Shares at the beginning (01.04.2017) / end of the year (31.03.2018)	Shareholding: % of total Shares of the Company	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): No. of Shares	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): % of total Shares of the Company
1	BBR PROJECTS PRIVATE LIMITED	12482165	15.4	01.04.2017	-	-	12482165	15.4
		12482165	15.12	12.03.2018	144835	Buy/Transfer	12627000	15.30
		12627000	15.30	13.03.2018	200000	Buy/Transfer	12827000	15.54
		12827000	15.54	14.03.2018	135000	Buy/Transfer	12962000	15.70
		12962000	15.70	19.03.2018	100000	Buy/Transfer	13062000	15.82
		13062000	15.82	21.03.2018	100000	Buy/Transfer	13162000	15.95
		13162000	15.95	31.03.2018	-	-	13162000	15.95
2	NEELIMA VIJAYA VARALWAR	100000	0.12	01.04.2017	-	-	100000	0.12
		100000	0.12	31.03.2018	-	-	100000	0.12
3	VIJAYKUMAR VARALWAR	150000	0.19	01.04.2017	-	-	150000	0.19
		150000	0.18	31.03.2018	-	-	150000	0.18
4	VARALWAR SUBHASH	1675000	2.07	01.04.2017	-	-	1675000	2.07
		1675000	2.07	19.04.2017	(58800)	Sale/Transfer	1616200	1.96
		1616200	1.96	31.03.2018	-	-	1616200	1.96
5	MADHAVI VARALWAR	200000	0.25	01.04.2017	-	-	200000	0.25
		200000	0.24	31.03.2018	-	-	200000	0.24
6	VITHABAI VARALWAR	973345	1.20	01.04.2017	-	-	973345	1.20
		973345	1.18	31.03.2018	-	-	973345	1.18
7	VARALWAR SANDEEP	3060965	3.78	01.04.2017	-	-	3060965	3.78
		3060965	3.78	19.04.2017	8800	Buy/Transfer	3069765	3.72
		3069765	3.72	31.03.2018	-	-	3069765	3.72
8	SANTOSH VARALWAR	6099050	7.53	01.04.2017	-	-	6099050	7.53
		6099050	7.39	31.03.2018	-	-	6099050	7.39
9	MANOHAR RAO VARALWAR	1744225	2.15	01.04.2017	-	-	1744225	2.15
		1744225	2.15	19.04.2017	50000	Buy/Transfer	1794225	2.17
		1794225	2.17	31.03.2018	-	-	1794225	2.17
10	MAMATHA GURNUKAR	150000	0.19	01.04.2017	-	-	150000	0.19
		150000	0.18	31.03.2018	-	-	150000	0.18
11	SATISH GOOTY AGRAHARAM	55635	0.06	01.04.2017	-	-	55635	0.06
		55635	0.06	31.03.2018	-	-	55635	0.06
12	SUJATHA VARALWAR	1893995	2.34	01.04.2017	-	-	1893995	2.34
		1893995	2.3	31.03.2018	-	-	1893995	2.3
13	SHEETAL VARALWAR	568985	0.70	01.04.2017	-	-	568985	0.70
		568985	0.69	31.03.2018	-	-	568985	0.69
14	VARALWAR PADMA	33250	0.04	01.04.2017	-	-	33250	0.04
		33250	0.04	31.03.2018	-	-	33250	0.04
15	S RAGHUNANDAN	317500	0.39	01.04.2017	-	-	317500	0.39
		317500	0.38	31.03.2018	-	-	317500	0.38
16	CHANDRASHEKHAR RAO SUDIGALI	50095	0.06	01.04.2017	-	-	50095	0.06
		50095	0.06	31.03.2018	-	-	50095	0.06

D. Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	KITARA PIIN 1102				
	At the beginning of the year	9150685	11.29	9150685	11.29
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	9150685	11.08	9150685	11.08
2	SURESH KUMAR AGARWAL				
	At the beginning of the year	2220000	2.74	2220000	2.74
	Bought during the year	-	-	-	-
	Sold during the year	2020866	2.44	2020866	2.44
	At the end of the year	199134	0.24	199134	0.24
3	WILLIAM F HARVEY				
	At the beginning of the year	1369840	1.69	1369840	1.69
	Bought during the year	-	-		
	Sold during the year	-	-	-	-
	At the end of the year	1369840	1.65	1369840	1.65
4	SAMEER MAHENDRA SAMPAT				
	At the beginning of the year	1359165	1.67	1359165	1.67
	Bought during the year	-	-		
	Sold during the year	-	-	-	-
	At the end of the year	1359165	1.65	1359165	1.65
5	NISHA JIGNESH MEHTA				
	At the beginning of the year	1338275	1.65	1338275	1.65
	Bought during the year	-	-	-	-
	Sold during the year	408275	0.49	408275	0.49
	At the end of the year	930000	1.13	930000	1.13
6	KITARA PIIN 1101				
	At the beginning of the year	1219300	1.50	1219300	1.50
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	1219300	1.47	1219300	1.47
7	ASHISH KACHOLIA				
	At the beginning of the year	1188613	1.46	1188613	1.46
	Bought during the year	-	-	-	-
	Sold during the year	1059144	1.28	1059144	1.28
	At the end of the year	129469	0.15	129469	0.15
8	JIGNESH J MEHTA				
	At the beginning of the year	1160655	1.43	1160655	1.43
	Bought during the year	-	-	-	-
	Sold during the year	1007955	1.22	1007955	1.22
	At the end of the year	152700	0.18	152700	0.18
9	FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK FUND				
	At the beginning of the year	600000	0.74	600000	0.74
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	600000	0.72	600000	0.72
10	IL AND FS SECURITIES SERVICES LIMITED				
	At the beginning of the year	558635	0.68	558635	0.68
	Bought during the year	1745159	2.11	1745159	2.11
	Sold during the year	1478463	1.79	1478463	1.79
	At the end of the year	825331	1.00	825331	1.00

Notes:
1. The above information is based on the weekly beneficiary position received from the Depositories.
2. Date wise increase or decrease in shareholding of the top ten shareholders is available on the website of your Company (www.vivimedlabs.com)

E. Shareholding of Directors and Key Managerial Personnel:

1. DIRECTORS

Sl.No.	Particulars	Shareholding: No. of Shares at the beginning (01.04.2017) / end of the year (31.03.218)	Shareholding: % of total Shares of the Company	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): No. of Shares	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): % of total Shares of the Company
1	MANOHAR RAO VARALWAR	1744225	2.15	01.04.2017	-	-	1744225	2.15
		1744225	2.15	19.04.2017	50000	Buy/Transfer	1794225	2.17
		1794225	2.17	31.03.2018	-	-	1794225	2.17
2	SANTOSH VARALWAR	6099050	7.53	01.04.2017	-	-	6099050	7.53
		6099050	7.39	31.03.2018	-	-	6099050	7.39
3	VARALWAR SUBHASH	1675000	2.07	01.04.2017	-	-	1675000	2.07
		1675000	2.07	19.04.2017	(58800)	Sale/Transfer	1616200	1.96
		1616200	1.96	31.03.2018	-	-	1616200	1.96
4	VARALWAR SANDEEP	3060965	3.78	01.04.2017	-	-	3060965	3.78
		3060965	3.78	19.04.2017	8800	Buy/Transfer	3069765	3.72
		3069765	3.72	31.03.2018	-	-	3069765	3.72
5	S RAGHUNANDAN	317500	0.39	01.04.2017	-	-	317500	0.39
		317500	0.38	31.03.2018	-	-	317500	0.38

2. KEY MANAGERIAL PERSONNEL

Sl.No.	Particulars	Shareholding: No. of Shares at the beginning (01.04.2017) / end of the year (31.03.218)	Shareholding: % of total Shares of the Company	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): No. of Shares	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): % of total Shares of the Company
3	YUGANDHAR KOPPARTHI	0	0	01.04.2017	-	-	0	0
		-		31.03.2018	-	-	-	-

V) INDEBTEDNESS –

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

(₹ In Millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As on 01.04.2017)		-	-	
i) Principal Amount	2542.75	-	-	2542.75
ii) Interest due but not paid	87.60	-	-	87.60
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2630.35	-	-	2630.35
Change in Indebtedness during the financial year		-	-	
• Addition	-		-	-
• Reduction	766.01	-	-	766.01
Net Change	(766.01)	-	-	(766.01)
Indebtedness at the end of the financial year (As on 31.03.2018)		-	-	
i) Principal Amount	1860.23	-	-	1860.23
ii) Interest due but not paid	4.12	-	-	4.12
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1864.34	-	-	1864.32

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

SN.	Particulars of Remuneration	Name of MD/WTD					Total Amount
		Dr. V. Manohar Rao	Subash Varalwar	Santosh Varalwar	Sandeep Varalwar	Raghunandhan S	
1	Gross salary (excluding Commission)						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,00,004	60,00,004	60,00,004	60,00,004	50,00,004	2,90,00,020
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	- as % of profit	-	-	-	-	-	-
	- others, specify...	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total (A)	**60,00,004**	**60,00,004**	**60,00,004**	**60,00,004**	**50,00,004**	**2,90,00,020**
	Ceiling as per the Act	**1,20,00,000**	**1,20,00,000**	**1,20,00,000**	**1,20,00,000**	**1,20,00,000**	**6,00,00,000**

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

B. Remuneration to other directors

1. Independent Directors:

(Amount in ₹)

Name of Director	Fee for attending board /committee meetings	Commission	Others#	Total
BHAGVANTH RAO MAMIDPALLI	4,00,000	-	-	4,00,000
VENKATA RATNAM PALURI	4,25,000	-	-	4,25,000
VENKATESWARULU PEESAPATI	2,75,000	-	-	2,75,000
NIXON PATEL	50,000	-	-	50,000
UMANATH VARAHABHOTLA	2,50,000	-	-	2,50,000
Total	**14,00,000**	**-**	**-**	**14,00,000**
Ceiling as per the Act	**80,00,000**	**-**	**-**	**80,00,000**

2. Non-Executive Directors:

(Amount in ₹)

Name of Director	Fee for attending board /committee meetings	Commission	Others	Total
-	-	-	-	0
Total	**-**	**-**	**-**	**0**

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	CFO #	CEO #	Total
1	Gross salary	21,78,262	85,98,603	12,78,560	1,20,55,425
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	21,78,262	85,98,603	12,78,560	1,20,55,425

Mr.PAVAN KUMAR M (CEO) resigned on 03/08/2017 and Mr.RAMESH CHALLA (CFO) retired on 14/02/2018

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors
for Vivimed Labs Limited

Place: Hyderabad
Date:13.08.2018

Sd/-
Manohar Rao Varalwar
Whole-time Director

Sd/-
Santosh Varalwar
Managing Director

Annexure - 5 to Board's Report

DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY

Form No. AOC-2

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

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

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

2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis:

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts / arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any	Justification for entering into such contracts or arrangements or transactions'
Sales & Dossier							
1	Vivimed Labs Europe Limited, UK	Sale of goods	FY 2017-18	Not exceeding ₹150 crore per annum	12.11.2014	nil	The transaction is at arm's length price
2	Vivimed Lab USA Inc. USA	Sale of goods	FY 2017-18	Not exceeding ₹70 crore per annum	12.11.2014	nil	The transaction is at arm's length price
3	Union Quimico Farmaceutica SAU, Spain	Sale of goods	FY 2017-18	Not exceeding ₹20 crore per annum	12.11.2014	nil	The transaction is at arm's length price
4	Uquifa Mexico S A de C.V	Sale of goods	FY 2017-18	Not exceeding ₹10 crore per annum	12.11.2014	nil	The transaction is at arm's length price
Purchases from							
1	Vivimed Labs Europe Limited, UK	Purchases of goods	FY 2017-18	Not exceeding ₹10 crore per annum	12.11.2014	nil	The transaction is at arm's length price
2	Vivimed Lab USA Inc. USA	Purchases of goods	FY 2017-18	Not exceeding ₹5 crore per annum	12.11.2014	nil	The transaction is at arm's length price

On behalf of the Board of Directors
for Vivimed Labs Limited

Sd/-
Manohar Rao Varalwar
Whole-time Director

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad
Date:13.08.2018

Annexure - 6 to Board's Report

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. BRIEF OUTLINE OF YOUR COMPANY'S CSR POLICY:

In accordance with the CSR Policy of your Company, the CSR initiatives would be focused around the following identified thrust areas for channelizing the resources on a sustained basis:

Rural Development: your Company recognizes the importance of rural development and Roads. Your Company believes that the construction of Roads will provide basic facility in villages for various purposes and development. During the year the company Spent ₹3 Million on Construction of Roads in Villages

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

2. COMPOSITION OF THE CSR COMMITTEE

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

*Dr.V.Peesapati, Independent Director resigned from the board with effect from 01.07.2018

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST 3 FINANCIAL YEARS: ₹716.46 Million

4. PRESCRIBED CSR EXPENDITURE (2% OF THIS AMOUNT AS IN SR. NO.3 ABOVE): ₹14.33 Million

5. DETAILS OF CSR SPENT FOR THE FINANCIAL YEAR:

a. Total amount spent for the financial year: ₹3.00 Millions

b. Amount unspent, if any: ₹11.33 Millions

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

(₹ in Millions)

Sl. No.	CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken State (Local Area/ District)	Amount outlay (budget) Project / Programs	Amount Spent on the Projects or Programs: 1. Direct Expenditure	Amount Spent on the Projects or Programs: 2.Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct
1	Construction of Rural Roads	Rural development projects;	Mallepally Village, Kondapur Mandal, Sangareddy Dist, -502295 Telangana	₹3 Millions	₹3 Millions	-----	₹3 Millions	₹3 Millions
TOTAL				**₹3 Millions**	**₹3 Millions**	**------**	**₹3 Millions**	**₹3 Millions**

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

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

On behalf of the Board of Directors
for Vivimed Labs Limited

Place: Hyderabad
Date:13.08.2018

Sd/-
Manohar Rao Varalwar
Whole-time Director

Sd/-
Santosh Varalwar
Managing Director

Annexure - 7 to Board's Report

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

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

PARTICULARS OF CONSERVATION OF ENERGY

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

POWER AND FUEL CONSUMPTION

Particulars	FY 2017-18	FY 2016-17
1. Electricity		
Unit (KWH)(in Mn)	6.94	4.34
Total amount (₹ in Mn)	57.85	33.00
Average rate/Unit (₹)	8.33	7.61
2. Own generation from Diesel generator set		
Unit (KWH)(in Mn)	1.90	0.72
Total amount (₹ in Mn)	16.26	9.97
Average rate/Unit (₹)	8.56	13.94
3. Coal		
Quantity (MT)	2,614.52	2,010.81
Total cost (₹ in Mn)	26.29	16.08
Average rate/MT (₹)	9,793.18	7,995.93

CONSUMPTION PER UNIT OF PRODUCTION

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

TECHNOLOGY ABSORPTION

Particulars of absorption

1. Technology absorption, adaptation and innovation

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

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

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

     The Vivimed R&D is focused on revitalizing our growth engine to balance short, mid and long-term goals. The company is committed to offer superior and affordable solutions for products with intrinsic challenges at the chemistry, engineering and formulation technology areas.

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

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

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

- **Benefits derived as a result of the above R & D**
  Vivimed could achieve a long term sustainability to offer superior value to its customers which would enable the Company to achieve Global leadership position. The Company has developed four sunscreen products during the year.

- **Future plan of action**
  The Company intends to focus on different classes of projects, in line with our Business strategy; some, which can generate revenue in the short-term and some, more in the future. The pipeline is being designed to cater products of variable complexities in the areas of chemistry, IP, regulatory, engineering and manufacturing.

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

Expenditure incurred on Research and Development

(₹ in million)

Particulars	FY 2017-18	FY 2016-17
Capital	-	-
Revenue	746.89	711.69
Total	746.89	711.69

Foreign exchange earnings and Outgo

(₹ in million)

Particulars	FY 2017-18	FY 2016-17
Foreign Exchange Earnings	4375.87	834.61
Foreign Exchange Outgo	125.36	821.36

On behalf of the Board of Directors
for Vivimed Labs Limited

Place: Hyderabad
Date: 13.08.2018

Sd/-
Manohar Rao Varalwar
Whole-time Director

Sd/-
Santosh Varalwar
Managing Director

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

GOVERNANCE STRUCTURE

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

BOARD

At Vivimed Labs, the Board is at the core of the Corporate Governance practice. Your Company has an optimum mix of eminent personalities on the Board of Directors with members from diverse experience and expertise. Out of 8 members on its Board, 3 (Three) are Independent Directors, 4 (four) are Whole-time Directors / Promoter Directors and 1 (one) is Non-Executive Promoter Director. This appropriate composition of the Board of Directors enables in maintaining the independence of the Board and separates its functions of governance and management. Over a period of time, the Board has fostered a culture of leadership to sustain your Company's growth with a long-term vision and ingenious policy to improve the degree of Corporate Governance.

COMMITTEES OF THE BOARD

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

MANAGEMENT STRUCTURE

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

MANAGING DIRECTOR

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

EXECUTIVE MANAGEMENT TEAM (EMT)

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

OPERATING MANAGEMENT TEAM (OMT)

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

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

BOARD OF DIRECTORS

Composition of the board as on 31st march, 2018:

Category	No. of Directors
Non-Executive /Independent Directors	5
Non-Executive / Promoter Directors	0
Executive/Promoter Directors	5
Total	**10**

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

NUMBER OF BOARD MEETINGS

During the financial year 2017-18, 7 (Seven) meetings of the Board of Directors were held and the maximum time gap between two meetings did not exceed one hundred and twenty days. The Board meets at least once in each quarter to review the quarterly financial results and other items on the Agenda. Additional meetings are held whenever necessary. The dates of the Board meetings are as under:

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

18 May 2017	14 November 2017
27 May 2017	14 February 2018
12 August 2017	22 March 2018
31 August 2017	

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

The details of attendance at Board Meetings held either in person or through video conference during the financial year 2017-18 and at the Annual General Meeting (AGM) are detailed below:

Name of the Director	Number of Board Meetings		Attendance at AGM Held 29 September 2017
	Held	Attended	
Mr. Santosh Varalwar	7	6	Yes
Mr. Subhash Varalwar	7	7	Yes
Dr. Manohar Rao Varalwar	7	7	No
Prof. Bhagvanth Rao Mamidpalli	7	6	No
Mr. Sandeep Varalwar	7	6	No
Mr. Nixon Patel	7	2	No
Mr. Srirambatla Raghunandan	7	5	Yes
Dr. Venkateswarulu Peesapati *	7	4	No
Mr. Venkata Ratnam Paluri *	7	7	Yes
Mrs. Umanath Varahabhotla	7	7	No

* Mr.Venkata Ratnam Paluri, Director of the Company demised on 01 July 2018 and Dr.Venkateswarulu Peesapati, has resigned from the Board.

BOARD PROCEDURES

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

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

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly financial results for your Company and its operating divisions or business segments;
- Minutes of meetings of Committees of the Board of Directors;
- The information on recruitment and remuneration of Senior Management Personnel just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Show cause, demand, prosecution and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material defaults in financial obligations to and by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Any significant labour problem involving human resource management;

- Sale of a material nature, or of investments, subsidiaries and assets which are not part of the normal course of business;
- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer; and
- Any other information which is relevant for decision making by the Board.

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

EVALUATION OF THE BOARD EFFECTIVENESS

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

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2017-18.

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

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

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

The Board of Directors at its meeting held on 31 March 2018, has noted the overall feedback on the performance of the Directors and the Board as a whole and its Committees.

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

INDEPENDENT DIRECTORS

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

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 31 March 2018, without the attendance of Non-Independent Directors and members of the management, inter alia, to discuss on the following:

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

DIRECTORSHIP AND MEMBERSHIP ON COMMITTEES

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

Name of the Director	Nature of Directorships	Relationship with each other	As on 31 March 2018		
			No. of other Directorships*	Membership**	Chairmanship**
Mr. Santosh Varalwar	Managing Director	Son of Manohar Rao Varalwar, Brother of Sandeep Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil
Mr. Subhash Varalwar	Non-Executive Director	Brother of Manohar Rao Varalwar, Uncle of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Dr. Manohar Rao Varalwar	Whole-time Director	Brother of Subhash Varalwar, Father of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Prof. Bhagvanth Rao Mamidpalli	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr. Sandeep Varalwar	Whole-time Director	Son of Manohar Rao Varalwar, Brother of Santosh Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil
Mr. Nixon Patel	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr. Srirambatla Raghunandan	Whole-time Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Dr. Venkateswarulu Peesapati ***	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr. Venkata Ratnam Paluri ***	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mrs. Umanath Varahabhotla	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil

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

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

*** Mr. Venkata Ratnam Paluri, Director of the Company demised on 01 July 2018 and Dr. Venkateswarulu Peesapati, has resigned from the Board.

The shareholding of the Non-Executive Directors of your Company as on 31 March 2018 is as follows:

Name of the Director(s)	Nature of Directorship	No. of shares held	Percentage to the paid up share capital
Prof. Bhagvanth Rao Mamidpalli	Non-Executive/ Independent Director	NIL	NIL
Mr. Nixon Patel	Non-Executive/ Independent Director	NIL	NIL
Dr. Venkateswarulu Peesapati	Non-Executive/ Independent Director	NIL	NIL
Mr. Venkata Ratnam Paluri	Non-Executive/ Independent Director	NIL	NIL
Mrs. Umanath Varahabhotla	Non-Executive/ Independent Director	NIL	NIL
Mr. Subhash Varalwar	Non-Executive /Promoter Director	1616200	1.96

The shareholding of Executive Directors of your Company as on 31 March 2018 is as follows:

Name of the Director(s)	Nature of Directorship	No. of shares held	Percentage to the paid up share capital
Mr. Santosh Varalwar	Managing Director	6099050	7.39
Dr. Manohar Rao Varalwar	Whole-time Director	1794225	2.17
Mr. Sandeep Varalwar	Whole-time Director	3069765	3.72
Mr. Srirambatla Raghunandan	Whole-time Director	317500	0.38

FAMILIARISATION PROGRAM

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

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

COMMITTEES OF THE BOARD

Audit committee

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

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

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

The Audit Committee, during the financial year 2017-18, has approved related party transactions along with granting omnibus approval in line with the Policy of dealing with Related Party Transactions and the applicable provisons of the Companies Act, 2013 and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31 March 2018 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr. Venkata Ratnam Paluri	Chairman	5	5
Prof. Bhagvanth Rao Mamidpalli	Member	5	5
Mr. Subhash Varalwar *	Member	5	3
Dr. Venkateswarulu Peesapati	Member	5	2
Mrs. Umanath Varahabhotla **	Member	5	3
Mr. Sandeep Varalwar **	Member	5	2
Mr. Srirambatla Raghunandan **	Member	5	3

*Vacated due to Re-Constitution of Audit Committee on 27 June 2017
**Appointed due to Re-Constitution of Audit Committee on 27 June 2017

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

27 May 2017	14 November 2017
15 June 2017	14 February 2018
11 August 2017	

The Chairman of the Audit Committee was present at the last AGM held on 29 September 2017

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

1. Overseeing your Company's financial reporting process and the disclosure of its information to ensure that the financial statements are correct, sufficient and credible;

2. Reviewing with the management quarterly, half-yearly, nine- months and annual financial statements, standalone as well as consolidated before submission to the Board for approval;

3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Sec 134(3)(c) of the Companies Act, 2013;

   (b) Changes in the accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of audit findings;

   (c) Compliance with the Listing Regulations and other legal requirements relating to financial statements;

   (d) Disclosure of any related party transactions; and

   (e) Qualifications in the draft audit report, if any.

5. Reviewing the financial statements of unlisted subsidiary companies (including joint ventures) and investments made by the unlisted subsidiary companies (including joint ventures);

6. Reviewing and considering the following w.r.t. appointment of auditors before recommending to the Board:

   (a) qualifications and experience of the individual/ firm proposed to be considered for appointment as auditor;

(b) whether such qualifications and experience are commensurate with the size and requirements of the company; and

(c) giving due regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.

7. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service;

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

9. Reviewing and approving quarterly and yearly management representation letters to the statutory auditors;

10. Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors and ensuring suitable follow-up thereon;

11. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

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

13. Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company;

14. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;

15. Evaluating the internal financial controls and risk management policies system of the Company;

16. Discussion with the internal auditors on internal audit reports relating to internal control weaknesses and any other significant findings and follow-up thereon;

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

18. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the company by its officers/employees;

19. Approval or subsequent modification of transactions of the Company with related parties including appointment and revision in remuneration of related parties to an office or place of profit in the Company, its subsidiary company or associate company;

20. Reviewing the statements of significant related party transactions submitted by the management;

21. Reviewing and Scrutinizing the inter-corporate loans and investments;

22. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same;

23. Approval of appointment of CFO (i.e.the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

24. Approving the auditors (appointed under the Companies Act 2013) to render any service other than consulting and specialized services;

25. Recommending to the Board of Directors, the appointment, remuneration and terms of appointment of Cost Auditor for the Company;

26. Review the cost audit report submitted by the cost auditor on audit of cost records, before submission to the Board for approval;

27. Appointing registered valuers and defining the terms and conditions for conducting the valuation of assets/net-worth/ liabilities of the Company. Reviewing the valuation report and follow-up thereon;

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

29. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;

30. Review and approve, policy formulated for determination of material subsidiaries;

31. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions; and

32. Any other matter referred to by the Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE

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

The Committee met 3 (Three) times during the financial year 2017-18 on 17 April 2017, 03 November 2017 and 31 March 2018. The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2017-18 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Prof. Bhagvanth Rao Mamidpalli	Chairman	3	3
Mr. Venkata Ratnam Paluri	Member	3	3
Dr. Venkateswarulu Peesapati	Member	3	3
Mr. Nixon Patel	Member	3	0

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

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

1. Formulate a criteria for determining qualifications, positive attributes and independence of a director;

2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, ESOPs administration, implementation;

3. Devise a policy on Board Diversity;

4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

5. Carry out the evaluation of every director's performance and formulate criteria for evaluation of Independent Directors, Board/Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors;

6. Reviewing and recommending to the Board, the remuneration, payable to Directors of your Company; and

7. Undertake any other matters as the Board may decide from time to time.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

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

REMUNERATION TO THE MANAGING DIRECTOR & WHOLE -TIME DIRECTORS

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

REVIEW OF PERFORMANCE AND COMPENSATION TO SENIOR MANAGEMENT

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

COMMISSION TO NON – EXECUTIVE DIRECTORS

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

DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE YEAR 2017-18

During the financial year 2017-18, your Company paid ₹25,000/- (Rupees Twenty five thousand only) for sittings fees for attending the Boards/ other Committee meetings (except Management Committee meetings,where no sitting fees were paid) to the Non-Executive Directors of your Company.

Details of the remuneration paid to the Directors of the Company for the financial year 2017-18 are as follows:

(Amount in ₹)

Name of the Director	Salary	Perquisites*	Sitting fees	Commission#	Amount ₹
Mr. Venkata Ratnam Paluri, Independent Director	-	-	4,25,000	-	4,25,000
Prof. Bhagvanth Rao Mamidpalli, Independent Director	-	-	4,00,000	-	4,00,000
Dr. Venkateswarlu Peesapati, Independent Director	-	-	2,75,000	-	2,75,000
Mr. Nixon Patel, Independent Director	-	-	50,000	-	50,000
Mrs. Umanath Varahabhotla, Independent Director	-	-	2,50,000	-	2,50,000
Mr. Santosh Varalwar, Managing Director	60,00,004	-	-	-	60,00,004
Dr. Manohar Rao Varalwar, Whole time Director	60,00,004	-	-	-	60,00,004
Mr. Subhash Varalwar, Whole time Director	60,00,004	-	-	-	60,00,004
Mr. Sandeep Varalwar, Whole time Director	60,00,004	-	-	-	60,00,004
Mr. Srirambatla Raghunandan,					
Whole time Director	50,00,004	-	-	-	50,00,004

STAKE HOLDERS RELATIONSHIP, GRIEVANCE AND SHARE TRANSFER COMMITTEE

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

The constitution of the Stake Holders Relationship, Grievance and Share Transfer Committee of the Board of Directors of your Company during the financial year 2017-18 is detailed below:

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

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

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

Details pertaining to the number of complaints received and responded and the status thereof during the financial year 2017-18 are given below:

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

The Committee met on 31 March 2018 during the financial year 2017-18. The constitution of the CSR Committee of the Board of Directors of your Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2017-18 is detailed below:

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

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

THE CSR COMMITTEE IS EMPOWERED, PURSUANT TO ITS TERMS OF REFERENCE, INTER ALIA, TO

1. Recommend the amount of expenditure to be incurred on the activities;

2. Monitor implementation and adherence to the CSR Policy of the Company from time to time;

3. Prepare a transparent monitoring mechanism for ensuring implementation of the projects /programs/ activities proposed to be undertaken by the Company; and

4. Such other activities as the Board of Directors may determine from time to time.

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

SUBSIDIARY COMPANIES

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

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

RELATED PARTY TRANSACTIONS

All transaction entered into by your Company with related parties, during the FY.2017–18, were in ordinary course of business and on arm's length basis. The details of the related party transactions are set out in the **Form AOC-2** forming part of this Annual Report.

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

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

DIRECTORS WITH MATERIALLY SIGNIFICANT, PECUNIARY OR BUSINESS RELATIONSHIP WITH YOUR COMPANY

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

MANAGING DIRECTOR &CFO CERTIFICATION

As required under Regulation 17 of the Listing Regulations, the MD certificate for the financial year 2017-18 signed by Shri. Santosh Varalwar, MD, (Mr. Ramesh Challa, has ceased to be CFO of the company who has retired from the services of the company on attaining the age of superannuation on 14.02.2018) was placed before the Board of Directors of your Company at their meeting held on 30 May 2018.

GENERAL BODY MEETINGS

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

Year(s)	Location(s)	Meeting(s) Date	Time	No. of special resolution(s) set out at the AGM
2016-17	78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	29 September 2017	11.30 AM	2
2015-16	78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	30 September 2016	11.30 AM	1
2014-15	78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	30 September 2015	11.30 AM	5

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

DISCLOSURES

1. There are no materially significant related party transactions of your Company which have potential conflict with the interests of the Company at large.

2. Your Company has complied with all the requirements of the Stock Exchange(s) and the SEBI on matters related to Capital Markets. There were no penalties imposed or strictures passed against your Company by the statutory authorities in this regard.

3. **Vigil mechanism and whistle blower policy:**

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

   - Your Company prohibits any kind of discrimination, harassment, victimization or any other unfair practice being adopted against an employee and/or a business associate. In accordance with Regulation 22 of the Listing Regulations your Company has adopted a Whistle Blower Policy with an objective to provide its employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with your Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication;

- In accordance with the Policy, an Ethics Committee has been constituted comprising of the Managing Director, the Compliance Officer and the Head– Human Resources for the purpose of receiving and investigating all complaints and Protected Disclosures under this policy. Employees of your Company or business associates can make Protected Disclosures to the Ethics Committee The employees may, where the matters are of grave nature, make Protected Disclosures directly to the Chairperson of the Audit Committee of the Board of Directors of the Company; and

- No personnel was denied access to the Audit Committee of your Company.

4. Code of conduct

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of your Company in accordance with the requirement under Regulation 17 of the Listing Regulations. The Code of Conduct has been posted on the website of your Company. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year 2017-18. The declaration to this effect signed by Shri. Santosh Varalwar, Managing Director of the Company forms part of the Report.

5. Code of conduct to regulate, monitor and report trading by insiders:

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

6. The board:

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

7. Shareholder rights:

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

8. Audit qualifications:

During the year under review, there was no audit qualification on your Company's financial statements.

9. Separate posts of Chairman and CEO:

The Chairman of the Board is a Non- executive Director and his position is separate from that of the CEO.

10. Reporting of Internal Auditor:

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

MEANS OF COMMUNICATION

1. Publication of quarterly results:

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

2. Website and News Releases:

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

3. Stock Exchange:

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

4. NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & the Listing Centre:

NEAPS is a web-based application designed by NSE for corporates.

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

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

GENERAL SHAREHOLDER INFORMATION

i	Annual General Meeting	30th Annual General Meeting
	Date	Thursday, 27th day of September 2018
	Time	11:30 a.m.
	Venue	Plot No.78-A, Kolhar Industrial Area, Bidar – 585403, Karnataka.
ii	Financial Calendar:	1 April to 31 March
	Tentative Schedule for declaration of results during the financial year 2018-19	
	First Quarter	Around Second Week of August 2018
	Second Quarter and Half Yearly	Around Second Week of November 2018
	Third Quarter and Nine Months	Around Second Week of February 2019
	Fourth Quarter and Annual	Around Last Week of May 2019
iii	Date of Book closure	22 September 2018 to 27 September 2018 (both days inclusive)
iv	Dividend Payment Date	on or after 1 October 2018 and on or before 26 October 2018
v	Record date for dividend	21 September 2018

DIVIDEND

The board of directors of the company has proposed a dividend of ₹0.40/- per share on equity shares of ₹2/-. The dividend, if declared by the shareholders at the 30th Annual general meeting scheduled to be held on 27 September 2018, will be paid on or after 1 October 2018 and on or before 26 October 2018.

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

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

Your Company has paid the listing fees to BSE and NSE for the financial year 2017-18.

VI. Market Price Data

The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31 March 2018 are as under:

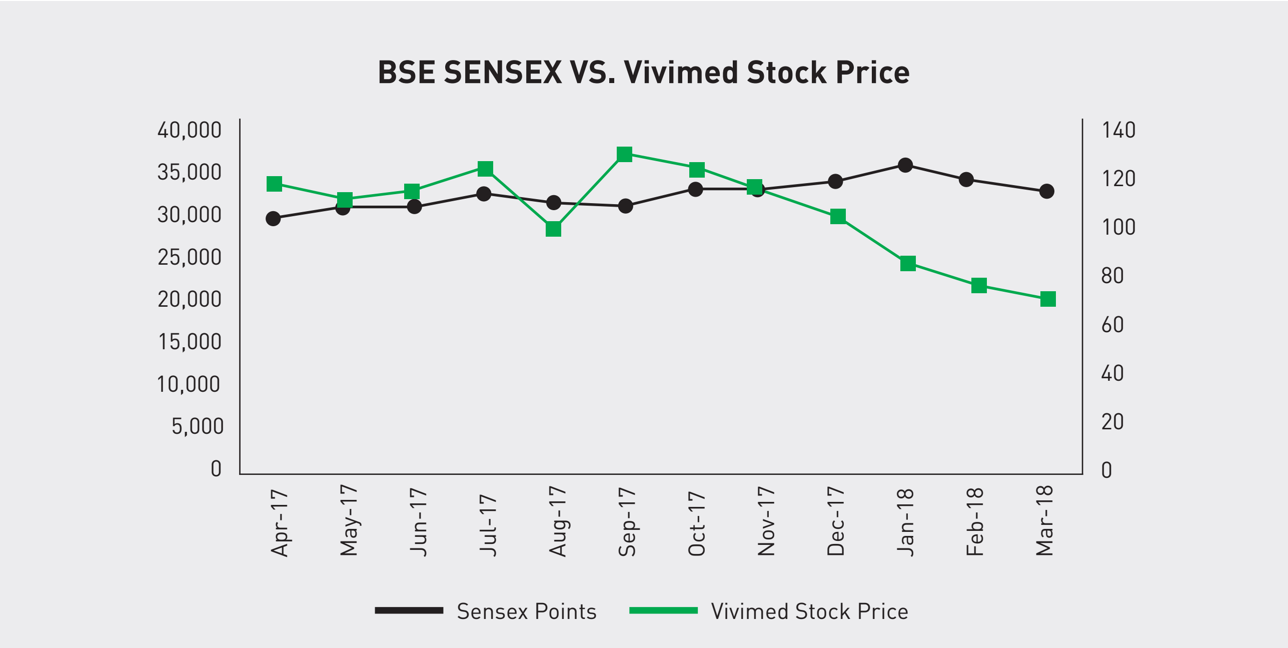
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
			2017			
Apr 17	136.4	99.85	86,74,183	136.40	99.60	3,36,64,240
May 17	127.9	97.4	50,53,214	126.95	97.30	1,97,59,391
Jun 17	126	104.6	44,14,849	126.00	104.10	1,74,86,300
Jul 17	136.7	117	57,52,058	136.90	116.40	2,40,87,406
Aug 17	125	97.6	27,49,275	124.85	97.60	1,18,78,959
Sep 17	153.3	99.6	1,13,05,246	153.50	99.15	5,07,29,840
Oct 17	137.25	117.5	37,95,718	137.30	119.50	1,52,02,029
Nov 17	126.65	114.55	18,42,809	126.70	113.00	1,34,88,312
Dec 17	120.7	100.55	57,10,043	120.55	100.35	3,52,88,279
			2018			
Jan 18	109.3	83.9	39,20,829	109.25	83.90	1,77,20,895
Feb 18	91	75	42,98,450	91.30	73.65	1,87,43,282
Mar 18	79.8	67	22,63,730	79.80	66.90	1,04,52,456

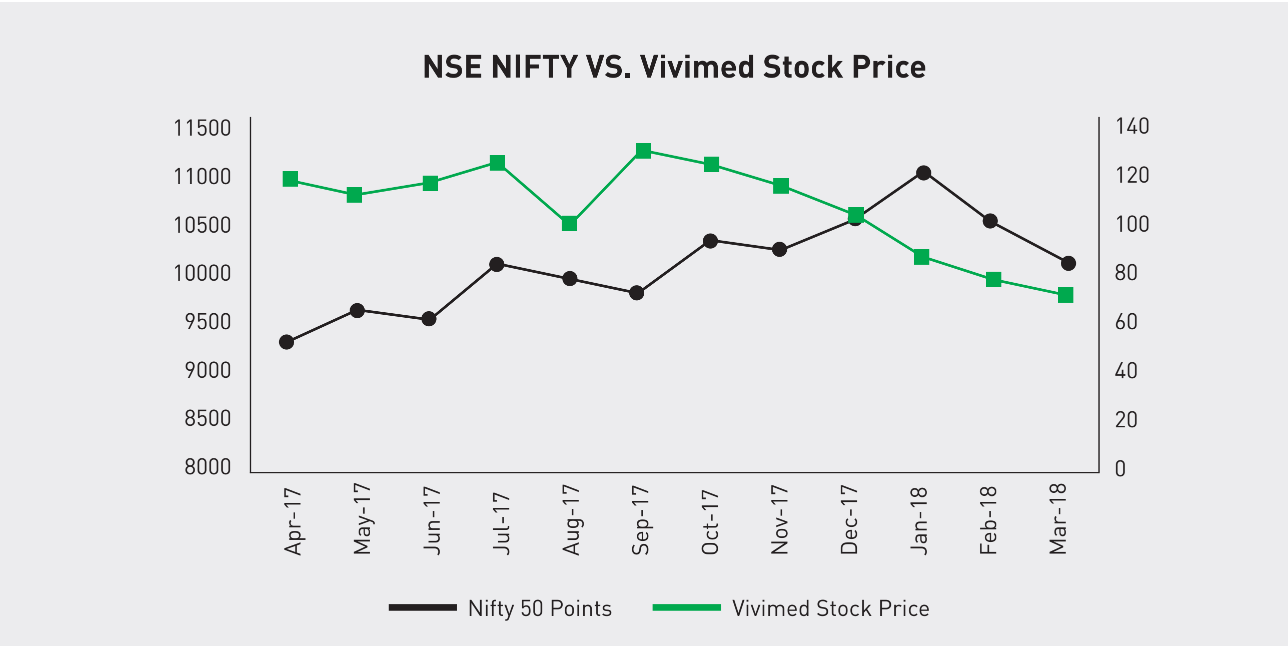
Source: BSE and NSE website

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

VII. Performance in comparison to broad-based Indices

The Charts below shows the comparison of your Company's share price movement on (i) BSE vis-à-vis the movement of the BSE Sensex (ii) NSE vis-à-vis the movement of the NSE Nifty for the year 2017-18 (based on month end closing):





VIII. Registrar & Share Transfer Agents:

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

IX. Share Transfer System

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

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

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

X. Distribution of Shareholding

Distribution of shareholding of shares of your Company as on 31 March 2018 is as follows:

No. of Equity Shares	Shareholders		Number of Shares @ ₹2/- each	Amount	Amount Percentage
	Number	% to total			
1 - 5000	28783	94.14	10503031	21006062	12.73
5001 - 10000	913	2.99	3446688	6893376	4.18
10001 - 20000	421	1.38	3171905	6343810	3.84
20001 - 30000	136	0.44	1693907	3387814	2.05
30001 - 40000	69	0.23	1261179	2522358	1.53
40001 - 50000	46	0.15	1049320	2098640	1.27
50001 - 100000	89	0.29	3231206	6462412	3.92
100001 & Above	118	0.39	58166679	116333358	70.48
Total	**30575**	**100.00**	**82523915**	**165047830**	**100**

Shareholding Pattern as on 31 March 2018:

	Category of Shareholder(s)	Total Number of Shares @ ₹2/- each	% of total no. of shares
(A)	Shareholding of Promoter and Promoter Group		
(a)	Individuals/Hindu Undivided Family	1,70,72,045	20.69
(b)	Bodies Corporate	1,31,62,000	15.95
	Total Shareholding of Promoter and Promoter Group (A)	**3,02,34,045**	**36.64**
(B)	Public shareholding		
(1)	Institutions		
(a)	Mutual Funds/ UTI	-	-
(b)	Financial Institutions/ Banks	2,43,311	0.29
(c)	Foreign Portfolio Investors	43,25,548	5.24
(d)	Others	-	-
	Sub-Total (B)(1)	**45,68,859**	**5.54**
	Central Government/ State Government(s)/ President of India	96,130	0.12
	Sub-Total (B)(2)	**96,130**	**0.12**
	Category of Shareholder(s)		
(2)	Non-Institutions		
(a)	Bodies Corporate	52,90,906	6.41

	Category of Shareholder(s)	Total Number of Shares @ ₹2/- each	% of total no. of shares
(b)	Individuals	-	-
	(i) Individual shareholders holding nominal share capital up to ₹2 lakh	2,26,54,560	27.45
	(ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	36,79,684	4.46
(c)	Non-Resident Indian (NRI) - Repatriable	34,68,266	4.20
(d)	NBFCs Registered with RBI	5,69,925	0.69
(e)	Corporate Bodies - Foreign Bodies	91,50,685	11.09
(f)	Clearing Member	14,41,015	1.75
(g)	Foreign National - FN	13,69,840	1.66
(h)	Trust	-	-
(i)	Non-Resident Indian (NRI) – Non Repatriable	-	-
	Sub total(B)(3)	**4,76,24,881**	**57.71**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+ (B)(3)	**5,22,89,870**	**63.36**
	Total (A)+(B)	**8,25,23,915**	**100.00**

DETAILS OF YOUR COMPANY'S DEMATERIALIZED SHARES AS ON 31ST MARCH, 2018:

Number of shares	% of total shares
8,08,03,265	97.91

BREAK UP OF SHARES IN PHYSICAL AND DEMAT FORM AS ON 31STMARCH, 2018

Particulars	No. of Shares @ ₹2/- each	% of Shares
Physical segment	17,20,650	2.08503
Demat segment	8,08,03,265	97.91497
NSDL	5,36,47,909	65.00893
CDSL	2,71,55,356	32.90604
TOTAL	**8,25,23,915**	**100.00000**

XI. Dematerialiation of shares

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

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

Your Company has 9,95,000 (Nine Lakhs ninety five thousand) outstanding employee stock options convertible into equity shares of ₹2/- each as on 31 March 2018.

XIII. Global Plant Locations:

Specialty chemicals division

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

Pharma division

1. D 125 & 128, Phase III, Jeedimetla Industrial Estate, Hyderabad – 500055, State – Telangana
2. Plot No 44A & 41& 44B Anrich Industrial estate, Bollaram, Medak – 502325, State – Telangana
3. Plot No. 25, Kundeshwari Village, Kashipur, Udham Singh Nagar – 244713, State – Uttarakhand,
4. D-9, Industrial Area, Haridwar – 249401, State – Uttarakhand,
5. Plot No: 8, Phase V,IDA Jeedimetla , Hydearabad, 500055, State – Telangana
6. 60A, Ashok Avenue, Kolkata
7. Plot No. 101 to 108 & 153, SIDCO Pharmaceutical Complex, Alathur – 603 110, Kanchipuram District, Tamilnadu.
8. CUERNAVACA, Mexico
9. Sant Celoni, Spain
10. Llica De Vall, Spain
11. Budapest, Hungary

R&D CENTERS

1. R& D Center, Plot No: 181, Sy. No. 121/P, IDA Mallapur, Hyderabad -500076, State – Telangana

2. H.No:A-1/ABC, Main Road, Opp: Surana Wires Pvt. Ltd. IDA, Nacharam, Hyderabad – 500076 State – Telangana

3. 450 Alexandria Knowledge Part, Turkapally, Hyderabad.

XIV. Address for Correspondence:

For any queries relating to the shares of your Company, correspondence may please be addressed at:

M/s. Aarthi Consultants Private Limited
1-2-285, Domalguda
Hyderabad, India – 500029
Phone : 040-27638111/27634445
Fax : 040-27632184
Email : info@aarthiconultants.com

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

Yugandhar Kopparthi
Company Secretary
Vivimed Labs Limited
(CIN: L02411KA1988PLC009465)

Corporate Off:: North End, Road No.2,
Banjara Hills, Hyderabad, India – 500034
Tel: 91-40-6608 6608
Fax: 91-40-6608 6699
E-mail: yugandhar.kopparthi@vivimedlabs.com
Website: www.vivimedlabs.com

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

XV. Addresses of Regulatory Authority/ Stock Exchanges:

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

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

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

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

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

XVII. We have no equity shares Unclaimed Suspense Account

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Declaration of Compliance with the Code of Conduct

I hereby confirm that:

the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31 March 2018.

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad
Date:13.08.2018

MANAGING DIRECTOR (MD) & WTD CERTIFICATION

The Board of Directors
Vivimed Labs Limited

We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31 March 2018 and that to the best of our knowledge and belief:

these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

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

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

We have indicated to the Auditors and the Audit Committee

significant changes in internal control over financial reporting during the year;

significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

	Sd/-	Sd/-
Place: Hyderabad	**Santosh Varalwar**	**Manohar Rao Varalwar**
Date:13.08.2018	Managing Director	Whole-Time Director

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

To,
The Members of Vivimed Labs Limited

We have examined the compliance of conditions of corporate governance by Vivimed Labs Limited ("the Company"), for the year ended on 31 March 2018, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchange(s).

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

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

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

for **P C N & ASSOCIATES.,**
Chartered Accountants
Firm registration Number:016016S

Sd/-
Chandra Babu M
Partner
Membership Number: 227849

Place: Hyderabad
Date:13.08.2018

FORM AOC-1

Performance and financial position of each of the subsidiaries, associates and joint venture (Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)

Part- A- Subsidiaries

(₹ in Millions)

Sl. No.	Name of the Subsidiary Company & Address	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Proposed Dividend
1	Finoso Pharma Private Limited 450 Alexandria Knowledge Park Turkapally, Hyderabad 500078	-	30.15	11.88	131.20	131.20	Nil	95.07	5.80	1.10	4.70	Nil
2	Vivimed Specialty Chemicals Private Limited Plot No. 78-A, Kolhar Industrial Area, Kolhar, Bidar - 585403, Karnataka, INDIA	-	0.10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	Vivimed Life Sciences Private Limited 8-2120/86/9/A/1 & 12, Anil Athmaja Housing Socty, Road No: 2, Banjara Hills, Hyderabad, Telangana, India, 500034	-	282.67	981.69	1759.65	1759.65	Nil	238.15	(37.05)	Nil	(37.05)	Nil
4	UQUIFA India Private Limited North End, 8-2120/86/9/A/1 & 12, Anil Athmaja HousingSocty, Road No: 2,, Banjara Hills, Hyderabad, Telangana, India, 500034	-	0.10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5	Vivimed Holdings Limited Rooms 2702-03, 27/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong	-	0.07	(256.44)	2003.22	2003.22	8.95	Nil	(4.79)	Nil	(4.79)	Nil
6	Vivimed Labs Europe Limited PO BOX B3, Leeds Road, Huddersfield,HD1 6BU	-	8.18	930.87	2357.75	2357.75	Nil	1295.77	200.46	12.95	187.51	Nil
7	Vivimed Labs USA Inc 1100 Cornwall Road, Suite 160, Monmouth Junction, NJ 08852	-	Nil	320.74	809.89	809.89	Nil	85.95	85.95	(2.82)	46.25	Nil
8	Vivimed Labs Mauritius Limited C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	-	460.41	522.09	2224.91	2224.91	Nil	5.10	(60.67)	Nil	(60.67)	Nil
9	Vivimed Labs UK Limited PO BOX B3, Leeds Road Huddersfield, HD1 6BU	-	1178.54	(141.43)	3237.08	3237.08	Nil	136.50	(140.44)	Nil	(140.44)	Nil

(₹ in Millions)

Sl. No.	Name of the Subsidiary Company & Address	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Proposed Dividend
10	Vivimed Labs Spain S.L c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	-	1304.13	407.46	3204.82	3204.82	2724.30	9.92	83.90	(31.78)	115.68	408.66
11	Union Quimico Farmaceutica S.A.U c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	-	209.87	2474.36	5479.28	5479.28	Nil	6238.55	465.90	62.10	403.80	(408.66)
12	Holiday International Limited PO BOX B3, Leeds Road, Huddersfield, HD1 6BU	-	0.01	1197.51	1214.51	1214.51	807.85	17.54	46.93	9.96	36.97	Nil
13	Uquifa Mexico S.A DE C.V 37 Este, No 126, Civac, 62570 Jiutepec, Morelos, México	-	133.79	1265.22	1974.34	1974.34	Nil	1965.48	177.18	56.49	120.69	Nil
14	Vivimed Labs (Mascarene) Ltd C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius		3252.21	Nil	3360.25	3360.25	3008.29	Nil	Nil	Nil	Nil	Nil

Part B- Associates and Joint Ventures

(₹ in Millions)

Sl. No.	Name of the Subsidiary Company & Address	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Proposed Dividend
1	Yantra Green Power Pvt. Ltd., Plot No.1303&1304, 2nd Floor, Khanamet,Ayyappa Society, Madhapur,Hyderabad-500081	-	2.50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
2	Vivimed Global Generics Pte Ltd 100 CECIL STREET, #15-02, THE GLOBE SINGAPORE (069532)	-										

Part C. Particulars of Loans, Guarantees or Investments made/ given during the year under Section 186

(₹ in Millions)

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition / giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	Amount of loan/ security/ acquisition / guarantee	Time period for which it is made/ given	For loans	
					Rate of interest	Date of maturity
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Nil	Nil	Nil	Nil	Nil	Nil	Nil

On behalf of the Board of Directors
for Vivimed Labs Limited

Place: Hyderabad,
Date: 13.08.2018

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

Independent Auditor's Report

To the Members of
M/s VIVIMED LABS LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS Financial Statements of M/s VIVIMED LABS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows 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 STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these standalone 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 the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under.

This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 Standalone 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 there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 Standalone 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 Standalone 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 Standalone Ind AS Financial Statements:

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

   c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

   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 and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its notes to financial statements.

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

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

For **P C N & Associates.,**
(Formerly known as Chandra Babu Naidu & Co.,)
Chartered Accountants
Firm Registration No: 016016S

Sd/-
Chandra Babu .M
Partner
Membership No. 227849

Place: Hyderabad
Date : 30-05-2018

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of M/s VIVIMED LABS LIMITED on the Standalone Ind AS Financial Statements for the year ended 31st March 2018, we report that:

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

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

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

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

iii. The Company has granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations provided to us:

a. The terms and conditions of the grant of such loans are prima facie not prejudicial to the Company's interest.

b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular.

c. The principal and interest are not overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

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

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

vi. We have broadly verified the books of accounts and records maintained by the company in respect of products where, pursuant to the rules made by the central government of India, the maintenance of cost records has been specified under the sub-section (1) of section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Income Tax, Provident Fund, Employee's State Insurance, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Custom Duty, Excise Duty and other material statutory dues in arrears as at 31st March 2018 for a period of more than 6 months for the date they became payable.

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

S. No.	Name of the Statute	Year Pertains to	Forum where dispute is pending	Amount involved
I	Income Tax Act, 1961	AY 2006-07	ITAT	7,06,057
		AY 2006-07	CIT(A)	Nil
		AY 2007-08	CIT (A)	73,96,750
		AY 2011-12	ITAT	1,88,92,271
		AY 2012-13	DRP	7,61,020
		AY 2014-15	DRP	4,02,68,920

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

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

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

xi. The Company has paid/provided for managerial remuneration/Sitting fee in accordance with the requisite approvals mandate by the provisions of section 197 read with schedule V to the Companies Act, 2013.

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

xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting standard (Ind AS) 24, related party disclosures specified under section 133 of the Act, read with relevant rules issued there under.

xiv. The Company has not made private placement of shares during the year in compliance with the provisions of Companies Act 2013.

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

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

For **P C N & Associates.,**
(Formerly known as Chandra Babu Naidu & Co.,)
Chartered Accountants
Firm Registration No: 016016S

Sd/-
Chandra Babu .M
Partner
Membership No. 227849

Place: Hyderabad
Date : 30-05-2018

Annexure B to the Auditors Report

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

We have audited the Internal financial controls over financial reporting of M/s VIVIMED LABS LIMITED ('the company') as of 31st march 2018 in conjunction with our audit of IND AS Financial Statements of the company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the IND AS Financial Statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATION OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 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 **P C N & Associates.,**
(Formerly known as Chandra Babu Naidu & Co.,)
Chartered Accountants
Firm Registration No: 016016S

Sd/-
Chandra Babu .M
Partner
Membership No. 227849

Place: Hyderabad
Date : 30-05-2018

Standalone Balance Sheet

as at 31 March 2018

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

Particulars	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	3,566.44	3,821.21	3,762.35
Capital work-in-progress		427.76	586.41	408.29
Goodwill		169.14	169.15	-
Other intangible assets	5	312.72	338.93	107.03
Financial assets				
Investments	6	1,518.66	876.01	2,341.92
		5,994.72	**5,791.71**	**6,619.59**
Current assets				
Inventories	7	2,925.40	2,856.61	2,681.71
Financial assets				
Trade receivables	8	1,676.71	2,248.54	2,302.83
Cash and cash equivalents	9	91.78	155.55	71.76
Loans	10	582.11	1,499.92	1,292.05
Current tax assets	11	25.48	90.87	7.00
Other current assets	12	1,257.93	961.85	655.29
		6,559.41	**7,813.34**	**7,010.64**
Total assets		**12,554.13**	**13,605.05**	**13,630.23**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	165.05	162.04	162.04
Other equity	14	5,509.04	5,446.57	3,600.32
Total equity		**5,674.09**	**5,608.61**	**3,762.36**
Non-current liabilities				
Financial Liabilities				
Borrowings	15	1,159.57	1,883.08	1,928.91
Other financial liabilities	16	1,352.85	582.39	481.61
Deferred tax liabilities, net	17	133.35	184.01	200.79
Other non-current liabilities	18	165.39	288.19	2,762.29
Provisions	19	71.69	27.41	27.65
		2,882.85	**2,965.08**	**5,401.26**
Current liabilities				
Financial Liabilities				
Borrowings	15	2,587.04	3,057.09	2,919.06
Trade payables	20	233.86	453.18	258.24
Other financial liabilities	16	759.96	911.26	1,142.07
Other current liabilities	18	7.76	9.09	9.09
Provisions	19	5.52	4.14	-
Current tax liabilities	21	403.05	596.60	138.15
		3,997.19	**5,031.36**	**4,466.61**
Total liabilities		**6,880.04**	**7,996.44**	**9,867.87**
Total equity and liabilities		**12,554.13**	**13,605.05**	**13,630.23**
Summary of significant accounting policies	3			

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

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

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

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	22	2,613.86	5,698.38
Other income	23	19.30	87.47
Total income		**2,633.16**	**5,785.85**
Expenses			
Cost of materials consumed	24	1,149.74	1,821.92
Changes in inventories and work-in-progress	25	(285.73)	(22.61)
Employee benefit expenses	26	340.87	422.32
Other operating expenses	27	309.41	435.23
Depreciation and amortisation expense	28	181.43	268.32
Finance costs	29	518.02	588.39
Other expenses	30	330.90	538.42
Total expenses		**2,544.64**	**4,051.98**
Profit before tax		88.52	1,733.87
Tax expenses			
Current tax	31	17.02	481.21
Deferred tax	31	(27.18)	(10.78)
Total tax expense		**(10.15)**	**470.43**
Profit for the year		**98.67**	**1,263.44**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plan		(9.81)	6.33
Income-tax effect	31	3.28	(2.09)
Other comprehensive income for the year, net of tax		**(6.53)**	**4.23**
Total comprehensive income for the year		**92.13**	**1,267.67**
Earnings per equity share (nominal value of ₹2) in INR	39		
Basic		1.20	15.59
Diluted		1.18	15.13
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

Standalone Statement of Cash Flows

for the yerar ended 31 March 2018

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**88.52**	**1,733.87**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of tangible assets	148.35	220.05
Amortisation of intangible assets	33.08	48.27
Finance income (including fair value change in financial instruments)	(3.23)	(54.60)
Finance costs (including fair value change in financial instruments)	518.02	588.39
Operating profit before working capital changes	**784.74**	**2,535.98**
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	571.83	400.78
Inventories	(68.79)	10.48
Loans - current	917.81	180.11
Other assets - current	(296.08)	(331.96)
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	(219.32)	194.94
Other financial liabilities	619.15	(130.03)
Other liabilities	(124.13)	(2,474.10)
Provisions	45.67	10.22
Cash generated from operations	**2,230.88**	**396.42**
Income taxes paid	(165.39)	(114.72)
Net cash generated from/(used in) operating activities	**2,065.50**	**281.70**
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/ (Purchase of) property, plant and equipment and intangibles (including capital work-in-progress), net	258.20	245.78
Investments made during the year	(642.65)	(2.09)
Interest received (finance income)	3.23	54.60
Net cash used in investing activities	**(381.22)**	**298.29**
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue proceeds	3.01	-
Dividend paid	(39.47)	
Proceeds from/(repayment of) long-term borrowings, net	(723.51)	(45.83)
Proceeds from/(repayment of) short-term borrowings, net	(470.05)	138.03
Interest paid	(518.02)	(588.39)
Net cash provided by financing activities	**(1,748.04)**	**(496.19)**
Net increase in cash and cash equivalents (I+II+III)	(63.77)	83.79
Cash and cash equivalents at the beginning of the year	155.55	71.76
Cash and cash equivalents at the end of the year (refer note below)	**91.78**	**155.55**
Note:		
Cash and cash equivalents comprise:		
Cash on hand	1.70	1.78
Balances with banks:		
- in current accounts	90.08	153.77
	91.78	**155.55**
Summary of significant accounting policies 3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

Standalone Statement of Changes in Equity

for the year ended 31 March 2018

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

A. EQUITY SHARE CAPITAL

Particulars	No. of shares	Amount
Balance as at April 1, 2016	1,62,03,783	162.04
Shares split during the year in the ratio of 1:5	6,48,15,132	-
Balance as at March 31, 2017	**8,10,18,915**	**162.04**
Add: Issued during the year	15,05,000	3.01
Balance as at March 31, 2018	**8,25,23,915**	**165.05**

B. OTHER EQUITY

Particulars	Reserves and Surplus					Total
	Securities premium	Capital reserve	General reserve	Revaluation reserve	Retained earnings	
At April 1, 2016	1,766.60	8.57	167.80	10.00	1,647.35	3,600.32
Profit for the year					1,263.44	1,263.44
Additions from amalagamated entities				370.00	208.57	578.57
Other comprehensive income						
Re-measurement gains/(losses) on defined benefit plans, net of tax	-		-	-	4.23	4.23
At March 31, 2017	**1,766.60**	**8.57**	**167.80**	**380.00**	**3,123.59**	**5,446.56**
Profit for the year					98.67	98.67
Dividend paid during the year (including tax on dividend)					(39.47)	(39.47)
Other comprehensive income						
Re-measurement gains/(losses) on defined benefit plans, net of tax	-		-	-	3.28	3.28
Balance as of 31 March 2018	**1,766.60**	**8.57**	**167.80**	**380.00**	**3,186.07**	**5,509.04**

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

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Santosh Varalwar
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DIN: 00054763

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Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

Notes
forming part of the standalone financial statements

1 GENERAL INFORMATION
Vivimed Labs Limited ('the Company') is a Public Limited Company incorporated in India, having its registered office at Bidar, India. The Company is primarily engaged in the Business of Active Pharmaceuticals Ingredients, CDMO Finished Dosage Formulation Specialty chemicals and Retail Branded Formulation manufacturing. The Company is listed in the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS
2.1 Statement of Compliance
The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance of the Company is provided in Note 42.

The financial statements were authorised for issue by the Company's Board of Directors on May 30, 2018.

Details of the accounting policies are included in Note 3.

2.2 Basis of measurement
These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long-term borrowings are measured at amortised cost using the effective interest rate method.

2.3 Functional currency
The financial statements are presented in Indian rupees millions, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts are in Indian Rupee millions except share data, unless otherwise stated.

2.4 Operating cycle
All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:
An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:
A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

Notes

forming part of the standalone financial statements

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current assets/liabilities include the current portion of non-current assets/liabilities respectively. All other assets/liabilities are classified as non-current.

2.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

Notes

forming part of the standalone financial statements

- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.

- Revenue from the sale of goods includes excise duty.

- Dividend income is accounted for when the right to receive the income is established.

- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale/redemption on investment on trade date of transaction.

- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognised in the balance sheet. Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortisation of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

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3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.7 Property, plant and equipment

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

3.8 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

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3.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of property, plant and equipment over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components.The Company depreciates its fixed assets over the useful lives as prescribed in Schedule II to the Act.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/ disposal.

3.10 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortisation

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

3.11 Inventories

Inventories are valued as follows:

- **Raw materials, fuel, stores & spare parts and packing materials:**
  Valued at lower of cost and Net Realisable Value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on FIFO basis.

- **Work-in- progress (WIP), finished goods and stock-in-trade:**
  Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.15 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted

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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 or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation , if no impairment loss had been recognised. Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognised in the income statement, and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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Other long-term employee benefits
The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognised in the statement of profit and loss in the period in which they arise.

3.17 Provisions
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.18 Contingent liabilities & contingent assets
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.19 Financial instruments
a. **Recognition and Initial recognition**
The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. **Classification and Subsequent measurement**
Financial assets:
On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is

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provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable interest rate features;

- prepayment and extension features; and

- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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4 PROPERTY, PLANT AND EQUIPMENT

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

Particulars	Land	Buildings	Plant and Machinery	Electrical equipment	Laboratory equipment	Office equipment	Computers	Furniture	Vehicles	Books and Periodicals	Total
Deemed Cost											
At April 1, 2016 (Refer note 42B)	872.25	869.47	1,897.67	28.77	62.50	1.45	7.82	9.30	13.12	-	3,762.35
Additions	370.00	38.44	103.32	(0.00)	-	0.04	0.41	0.70	7.54	-	520.44
Additions from amalgamated entities	89.98	259.98	676.62	42.41	-	16.88	27.52	60.29	11.32	0.04	1,185.05
Deletions	93.46	254.00	735.34	13.00	15.00	-	1.20	8.00		-	1,120.00
At March 31, 2017	**1,238.77**	**913.89**	**1,942.27**	**58.18**	**47.50**	**18.37**	**34.54**	**62.29**	**31.98**	**0.04**	**4,347.85**
Additions	103.35	356.06	4.81	0.26	28.81	0.63	0.66	0.68	4.22	-	499.48
Deletions	67.40	440.27	106.63	0.60	34.34	0.15	23.22	52.02	1.49	-	726.12
At March 31, 2018	**1,274.72**	**829.68**	**1,840.45**	**57.84**	**41.97**	**18.85**	**11.98**	**10.95**	**34.71**	**0.04**	**4,121.21**
Accumulated depreciation											
At April 1, 2016	-	-	-	-	-	-	-	-	-		-
Charge for the year	0.00	48.35	144.98	4.11	4.94	0.87	5.48	6.50	4.80	0.00	220.05
Depreciation from amalgamated entities	0.08	76.10	312.68	9.70	-	7.81	26.39	38.57	5.22	0.02	476.58
Less: Adjustments		52.00	105.00	4.00	4.00	-	1.00	4.00			170.00
At March 31, 2017	**0.08**	**72.45**	**352.66**	**9.81**	**0.94**	**8.68**	**30.88**	**41.07**	**10.03**	**0.03**	**526.63**
Charge for the year	-	32.79	94.97	3.48	4.50	0.41	4.76	2.51	4.92	0.01	148.35
Less: Adjustments	-	-					44.00	76.21		0.01	120.22
At March 31, 2018	0.08	105.24	447.63	13.29	5.44	9.09	(8.36)	(32.63)	14.95	0.03	554.76
Carrying amount											
At April 1, 2016	872.25	869.47	1,897.67	28.77	62.50	1.45	7.82	9.30	13.12	-	3,762.35
At March 31, 2017	1,238.69	841.44	1,589.61	48.37	46.57	9.68	3.67	21.22	21.96	0.01	3,821.21
At March 31, 2018	**1,274.64**	**724.44**	**1,392.82**	**44.55**	**36.54**	**9.75**	**20.35**	**43.58**	**19.77**	**0.01**	**3,566.44**

Note

a) Charge on Property, plant and equipment

All the property, plant and equipment are subject to a first charge to secure the Company's working capital bank loans.

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

5 INTANGIBLE ASSETS

Particulars	Brands, Trademarks and Technical know how	Total
Cost		
At April 1, 2016 (refer note 42B)	107.03	107.03
Additions	74.54	74.54
Additions from amalgamated entities	334.59	334.59
At March 31, 2017	**516.15**	**516.15**
Additions	-	-
At March 31, 2018	**516.15**	**516.15**
Accumulated depreciation		
At April 1, 2016	-	-
Amortisation expense	48.27	48.27
Amortisation from amalgamated entities	128.95	128.95
At March 31, 2017	**177.22**	**177.22**
Amortisation expense	33.08	33.08
Less: Adjustments	6.87	6.87
At March 31, 2018	**203.43**	**203.43**
Carrying amount		
At April 1, 2016	107.03	107.03
At March 31, 2017	338.93	338.93
At March 31, 2018	**312.72**	**312.72**

6 INVESTMENTS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current investments			
Investments carried at cost			
Unquoted equity shares			
Investments in subsidiaries			
1,015,000 (March 31, 2017: 1,015,000; April 1, 2016: 1,015,000) equity shares of ₹10 each in Finoso Pharma Private Limited	100.00	100.00	100.00
10,000 (March 31, 2017: 10,000; April 1, 2016: 10,000) equity shares of HKD 1 each in Vivimed Holdings Limited, HongKong	0.07	0.07	0.07
1,000 (March 31, 2017: 1,000; April 1, 2016: 1,000) equity shares of USD 0.01 each in Vivimed Labs USA Inc, USA	246.98	246.98	246.98
90,000 (March 31, 2017: 90,000; April 1, 2016: 90,000) equity shares of USD 1 each in Vivimed Labs USA Inc, USA	460.41	460.41	460.41
10,000 (March 31, 2017: 10,000; April 1, 2016: 10,000) equity shares of ₹10 each in Vivimed Speciality Chemicals Private Limited	0.10	0.10	-
14,133,440 (March 31, 2017: 10,000; April 1, 2016: Nil) equity shares of ₹10 each in Vivimed Life Sciences Private Limited	642.75	0.10	-
Nil (March 31, 2017: Nil; April 1, 2016: 2,500,000) equity shares of ₹10 each in Creative Health Care Private Limited	-	-	25

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

6 INVESTMENTS (CONTD.)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Nil (March 31, 2017: Nil; April 1, 2016: 699,800) equity shares of ₹10 each in Klar Sehen Private Limited	-	-	200.00
Nil (March 31, 2017: Nil; April 1, 2016: 25,000) equity shares of ₹10 each in Octtantis Nobel Labs Private Limited	-	-	23.00
Nil (March 31, 2017: Nil; April 1, 2016: 50,170,000) equity shares of ₹10 each in Actavis	-	-	1,220.00
Investments carried at fair value through profit and loss			
Investments in others			
Unquoted equity shares			
2,500,000 (March 31, 2017: 2,500,000; April 1, 2016: 2,500,000) equity shares of ₹10 each in Yantra Green Power Private Limited	25.00	25.00	25.00
Others	1.89	1.89	-
Investments through fair value of corporate guarantees			
Vivimed Labs Mauritius Limited	20.96	20.96	20.96
Vivimed Labs USA Inc.	2.65	2.65	2.65
Finoso Pharma Private Limited	2.25	2.25	2.25
Yantra Green Power Private Limited	15.60	15.60	15.60
Total	**1,518.66**	**876.01**	**2,341.92**
Total investments carried at cost	1,450.31	807.66	2,275.46
Total investments carried at fair value through profit and loss	26.89	26.89	25.00
Other investments	41.46	41.46	41.46

7 INVENTORIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw Materials	1,838.00	1,895.63	1,834.00
Packing Materials	112.09	111.72	4.37
Semi-finished & Work-in-progress	422.86	142.58	90.19
Finished Goods (including Goods in transit)	552.45	706.69	753.15
Total	**2,925.40**	**2,856.61**	**2,681.71**

8 TRADE RECEIVABLES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured,considered good	1,703.26	2,268.56	2,308.60
	1,703.26	**2,268.56**	**2,308.60**
Less: Allowance for doubtful receivables	(26.55)	(20.02)	(5.77)
Total	**1,676.71**	**2,248.54**	**2,302.83**

Notes

forming part of the standalone financial statements

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

9 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks:			
- On current accounts	90.08	153.77	71.38
Cash on hand	1.70	1.78	0.38
Total	**91.78**	**155.55**	**71.76**

10 LOANS (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Security deposits	518.65	413.97	340.28
Loans and advances to related parties	63.46	1,085.95	951.77
Total	**582.11**	**1,499.92**	**1,292.05**

11 CURRENT TAX ASSETS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance tax and TDS receivable	25.48	90.87	7.00
Less: Provision for taxes	-	-	-
Total	**25.48**	**90.87**	**7.00**

12 OTHER ASSETS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Unsecured, considered good			
Advances other than capital advances			
Staff advances	164.31	103.42	49.20
Other advances	890.81	689.22	409.10
Prepaid expenses	202.81	169.20	168.27
Export incentives	-	-	28.73
Total	**1,257.93**	**961.85**	**655.29**

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

13 SHARE CAPITAL

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised Share Capital			
1,110,000,000 (March 31, 2017: 200,000,000) equity shares of ₹2 each (April 1, 2016: 40,000,000 equity shares of ₹10/- each)	2,220.00	400.00	400.00
Issued, subscribed and fully paid-up			
82,523,915 (March 31, 2017: 81,018,915) equity shares of ₹2/- each fully paid-up (April 1, 2016: 16,203,783 equity shares of ₹10/- each)	165.05	162.04	162.04
	165.05	**162.04**	**162.04**

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

Particulars	Number of Shares	Value
Balance at April 01, 2016 (Equity shares of ₹10/- each fully paid-up)	1,62,03,783	162.04
Shares split during the year in the ratio of 1:5	6,48,15,132	-
Balance at March 31, 2017 (Equity shares of ₹2/- each fully paid-up)	**8,10,18,915**	**162.04**
Issued during the year (Equity shares of ₹2/- each fully paid)	15,05,000	3.01
Balance at March 31, 2018 (Equity shares of ₹2/- each fully paid-up)	**8,25,23,915**	**165.05**

(b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. 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) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Equity shares of ₹4/- each fully paid			
Nylim Jacob Ballas Indis Fund III, LLC			
Number of shares held	-	-	21,26,984
% of holding	0.00%	0.00%	13.13%
BBR Projects Private Limited			
Number of shares held	1,31,62,000	1,24,82,165	22,96,433
% of holding	15.95%	15.41%	14.17%
Kitara PIIN 1102			
Number of shares held	91,50,685	91,50,685	18,30,137
% of holding	11.09%	11.29%	11.29%
Santosh Varalwar			
Number of shares held	60,99,050	60,99,050	12,19,810
% of holding	7.39%	7.53%	7.53%

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

14 OTHER EQUITY

Particulars	As at 31 March 2018	As at 31 March 2017
Securities premium		
Opening balance	1,766.60	1,766.60
Additions during the year	-	-
Closing balance	**1,766.60**	**1,766.60**

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

Particulars	As at 31 March 2018	As at 31 March 2017
Capital reserve		
Opening balance	8.57	8.57
Additions during the year	-	-
Closing balance	**8.57**	**8.57**
General reserve		
Opening balance	167.80	167.80
Add: Transfers during the year	-	-
Closing balance	**167.80**	**167.80**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Particulars	As at 31 March 2018	As at 31 March 2017
Revaluation reserve		
Opening balance	380.00	10.00
Add: Additions from amalgamated entities	-	370.00
Closing balance	**380.00**	**380.00**
Retained earnings		
Opening balance	3,123.59	1,647.35
Profit/(loss) for the year	98.67	1,263.44
Additions from amalagamated entities	-	208.57
Dividend paid during the year (including tax on dividend)	(39.47)	-
Other comprehensive income	3.28	4.23
Closing balance	**3,186.07**	**3,123.59**
Total other equity	**5,509.04**	**5,446.57**

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

15 BORROWINGS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current Borrowings			
Secured loans			
Term loans			
- From banks (refer note A below)	401.12	656.85	483.94
- From financial institutions (refer note A below)	257.98	637.32	942.42
Other loans			
- From financial institutions	7.49	18.26	-
Unsecured loans			
Sales tax deferment loan (refer note B below)	3.66	3.32	5.04
FCCB's From Financial Institutions (refer note C below)	489.33	567.34	497.50
Total non-current borrowings	**1,159.57**	**1,883.08**	**1,928.91**
Current Borrowings			
Secured loans repayable on demand			
Working capital loans			
- Cash credit and packing credit loans (refer note D below)	2,587.04	3,009.29	2,836.46
- Foreign bills discounting	-	47.79	82.59
Total current borrowings	**2,587.04**	**3,057.09**	**2,919.06**

A. Term loans:

Term loan from Banks consists of:

(i) Loan taken from SBI for USD 10.1 million repayable in 16 instalments from October 2017 to June 2021. This loan carries an interest rate of 5.84%.

(ii) Term loan from Allahabad Bank for ₹500 million repayable in 16 instalments from May 2015 to February 2019.This loan carries an interest rate of 12.75%

Term loan from Financial Institutions consists of:

(i) ECB loan taken from IFC for USD 12.5 million repayable in 10 instalments from June 2015 to December 2019. This loan carries an interest rate of 6.02%.

(ii) Term loan from IFCI Limited for ₹1,000 million repayable in 16 instalments from February 2015 to November 2018.This loan carries an interest rate of 13.65%

All the term loans are secured by a charge on the moveable and immovable assets of the Company, present and future, with a *pari passu* charge.

B. Sales tax deferment loan:

The Company has been granted an interest free sales tax deferment loan by the Government of Andhra Pradesh. As per the terms of this scheme, the Company has to repay the amount till FY 2018-19. This loan is unsecured.

C. FCCB's from Financial Institutions:

The Company has obtained an FCCB from IFC in June 2011 for an amount of USD 7.5 million repayable in 5 years with a coupon rate of 0.55% per annum and an interest rate of 4.23% per annum compounded semiannually if the conversion option is not exercised. Subsequently, during the year, the due date for payment has been extended upto 30 September 2019. The entire portion was classified under "Borrowings", and there is no equity portion of the instrument.

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

D. Cash credits and packaging credit loans:

The Company has working capital facilities in the form of cash credits and packaging credit from State Bank of India, Allahabad Bank, Exim and PCFC amounting to a total limit of ₹2,622 million with interest rates varying between 5.45% to 14.75%.

16 OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-Current			
Creditors for capital goods	278.17	293.42	230.83
Payable to related parties	1,074.68	288.97	250.78
	1,352.85	**582.39**	**481.61**
Current			
Current maturities of long-term debts	708.43	765.51	1,124.62
Employee salaries payable	30.19	32.02	9.52
Employee bonus payable	14.94	8.30	7.94
Provision for expenses	6.40	105.43	-
	759.96	**911.26**	**1,142.07**

17 DEFERRED TAX LIABILITIES, NET

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax asset			
- Tangible and Intangible assets			
- Provision allowed under tax on payment basis			
- Expected credit loss on financial assets	133.35	184.01	200.79
- MAT credit entitlement	-	-	-
Total	**133.35**	**184.01**	**200.79**
Deferred tax liability			
- Fair valuation of financial liabilities	-	-	-
Deferred tax asset, net	**133.35**	**184.01**	**200.79**

18 OTHER LIABILITIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-Current			
Deferred interest	134.19	120.28	163.79
Advances received	15.30	143.87	2,565.00
Grants receivable	0.37	0.75	1.13
Financial guarantee liability	15.53	23.29	32.37
	165.39	**288.19**	**2,762.29**
Current			
Financial guarantee liability	7.76	9.09	9.09
	7.76	**9.09**	**9.09**

Notes
forming part of the standalone financial statements

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

19 PROVISIONS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-Current			
Provision for employee benefits			
- Gratuity (refer note 36)	40.14	17.74	22.14
- Compensated absences	17.55	2.97	5.50
Provision for others	14.00	6.70	-
	71.69	**27.41**	**27.65**
Current			
Provision for employee benefits			
- Gratuity (refer note 36)	5.52	4.14	-
	5.52	**4.14**	**-**

20 TRADE PAYABLES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises (refer note 37)	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	233.86	453.18	258.24
	233.86	**453.18**	**258.24**

21 CURRENT TAX LIABILITIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for taxes	403.05	596.61	138.15
Less: Advance tax and TDS receivable	-	-	-
	403.05	**596.61**	**138.15**

22 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from sale of products		
Domestic	1,900.58	1,995.72
Export	668.52	1,663.01
	2,569.10	**3,658.72**
Other operating revenue	44.76	2,039.65
	2,613.86	**5,698.38**

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

23 OTHER INCOME

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Unwinding of interest on assets discounted	3.23	54.60
Grants received	0.38	0.38
Guarantee income	9.09	9.09
Miscellaneous income	6.60	23.41
	19.30	**87.48**

24 COST OF MATERIALS CONSUMED

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening Stock of Raw Materials and Consumables	1,895.63	1,834.00
Opening Stock of Packing Materials	111.99	4.37
Add : Opening Stock of Raw Material on Amalgamated Entities	-	85.28
Add : Opening Stock of Packing Material on Amalgamated Entities	-	56.88
Add : Purchases during the year	1,092.21	1,849.01
	3,099.83	**3,829.54**
Less : Closing Stock of Raw Materials and Consumables	1,838.00	1,895.63
Less : Closing Stock of Packing Materials	112.09	111.99
	1,149.74	**1,821.92**

25 CHANGES IN INVENTORIES AND WORK-IN-PROGRESS

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Finished Goods		
Inventories at the beginning of the year	762.94	730.01
Add : Amalgamated Entities Finished Goods	-	30.83
Less : Inventories at the end of the year	735.56	762.94
Sub Total (A)	**27.38**	**(2.10)**
Semi Finished Goods & Work-in-progress		
Inventories at the beginning of the year	142.58	128.74
Less : Inventories at the end of the year	422.86	142.58
Sub Total (B)	**(280.28)**	**(13.84)**
Goods in transit	(32.83)	(6.67)
(Increase)/Decrease in Inventories	**(285.73)**	**(22.61)**

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

26 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	313.22	375.45
Contribution to provident and other funds	8.30	15.15
Staff welfare expenses	19.35	31.73
	340.87	**422.32**

27 OTHER OPERATING EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of Stores & Spares	37.11	38.65
Power & Fuel	108.33	151.30
Wages & Allowances	10.44	21.67
Labour Charges	63.00	54.57
Repairs to Building	1.91	5.14
Repairs to Machinery	25.22	43.13
Other Manufacturing Expenses	58.14	68.63
Job Work Charges	4.75	10.47
R & D Expenses	0.51	41.68
	309.41	**435.23**

28 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of tangible assets	148.35	220.05
Amortisation of intangible assets	33.08	48.27
	181.43	**268.32**

29 FINANCE COSTS

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on term loans, ECB loans and vehicle loans	136.99	194.24
Interest on working capital loan and cash credit	348.76	341.25
Other borrowing cost	32.27	52.89
	518.02	**588.39**

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

30 OTHER EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Business & Marketing Expenses	15.03	19.48
Bank charges	14.69	1.76
Commission & Discounts	37.73	12.66
Travelling Expenses - Foreign	3.98	4.86
Printing & Stationery	4.52	4.91
Telephone & Postage Expenses	6.95	12.39
Travelling Expenses	36.40	39.45
Rates & Taxes	12.87	21.68
Conveyance	8.53	7.19
Consultancy Charges	-	15.52
Directors' Sitting Fee	1.45	0.95
Insurance	7.55	12.47
Rent	18.73	11.62
Other Administrative Expenses	65.66	236.08
Processing fee on term loans	13.80	23.70
Provision against doubtful receivables	6.53	14.25
Fluctuation on Foreign exchange	45.57	68.10
Directors' Remuneration - Salary	29.00	29.00
Payment to Auditors:		
(i) As Auditor	1.82	2.35
(ii) For Taxation Matters	0.07	0.02
	330.90	**538.42**

31 TAX EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge	17.02	481.21
Deferred tax:		
Relating to originating and reversal of temporary differences	(27.18)	(10.78)
Income tax expense recognised in the statement of profit or loss	**(10.15)**	**470.43**

Deferred tax related to items considered in OCI during the year

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Re-measurement gains/(losses) on defined benefit plan	3.28	(2.09)
Income tax charge to OCI	**3.28**	**(2.09)**

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32 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31March 2016
i) Contingent liabilities:			
- Corporate guarantees given on behalf of others	1,076.60	1,460.83	3,173.83
- Letter of credit outstanding	455.00	773.06	767.10
- Bank guarantees	9.06	9.61	9.46
- Income tax demand		125.41	125.41
ii) Commitments:			
- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	-	-	-

33 RELATED PARTY DISCLOSURES

a) Names of related parties and description of relationship

Subsidiary Companies	Finoso Pharma Private Limited
	Vivimed Specialty Chemicals Private Limited
	Vivimed Life Sciences Private Limited
	Vivimed Holdings Limited
	Vivimed Labs USA INC.
	Vivimed Labs Mauritius Limited
Step down subsidiary Companies	UQUIFA India Private Limited
	Vivimed Labs Europe Limited
	Vivimed Labs UK Limited
	Vivimed Labs Spain S.L.
	Union Quimico Farmaceutica S.A.U
	Holliday International Limited
	Uquifa Mexico S.A. de C.V.
	Vivimed Labs (Mascarene) Ltd
Joint venture Company	Vivimed Global Generics Pte Ltd
Key Management Personnel ("KMP")	Santosh Varalwar (Managing Director)
	Manohar Rao Varalwar (Executive Director)
	Yugandhar Kopparthi (Company Secretary)
Enterprises in which key Management Personnel have significant Influence	BBR Projects Pvt. Ltd.
	Kreative Hosts Atria Private Limited
	Yantra Green Power Pvt. Ltd.
	Yantra E- Solar India Private Limited
	Nisarg Biosciences Private Limited
	Sanvita Biotechnologies Private Limited
	BBR Green Fields Private Limited

Notes

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

33 RELATED PARTY DISCLOSURES (CONTD.)

b) Transactions with related parties

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Key Management Personnel		
Remuneration Paid*	40.17	29.00
Investments made		
In subsidiaries	642.65	(1,467.99)
Subsidiaries and step down subsidiaries		
Sale of goods	1,619.66	1,954.02
Purchase of goods	487.06	110.26
Advances given	1,273.01	162.83
Advances received	3,105.13	402.97

*Does not include insurance, which is paid for the Company as a whole and gratuity and compensated absences as this is provided in the books of account on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

c) Details of balances receivable from and payable to related parties are as follows:

Name of Related Party	As at 31 March 2018	As at 31 March 2017	As at 31March 2016
Finoso Pharma Private Limited	1.58	(0.38)	(0.38)
Vivimed Labs USA Inc.USA	(213.44)	833.58	613.68
Vivimed Labs Europe	358.18	860.25	548.66
Vivimed Labs Mauritius	(332.33)	138.28	125.78
Vivimed Labs Spain USL	(237.25)	(227.14)	(219.35)
Union Quimico Farmaceutica SAU, Spain	(6.21)	2.34	5.42
BBR Projects Pvt Ltd.	379.23	(0.12)	(14.00)
Yantra Green Power Pvt Ltd.	(0.56)	(1.93)	(6.26)
Kreatvie Hosts Atria Private Limited	0.15	(1.26)	(1.15)
Vivimed Holdings Limited	11.40	-	-
Uquifa Mexico	(2.95)	-	-
Yantra E-Solar India Private Limited	58.72	-	-
Nisarg Biosciences Private Limited	24.99	-	-
Vivimed Global Generics Private limited	5.70	-	-
Vivimed Life Sciences Private Limited	(56.86)	-	-
BBR Green fields Private Limited	26.05	-	-
Sanvita Biotechnologies Private Limited	40.45	-	-

d) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

e) Others:

The Company has given Corporate Guarantee for the credit facilities of ₹1,076.60 million availed by the Subsidiaries.

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

34 SEGMENT INFORMATION

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating and geographical segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments and geographical segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis.

The Company has two reportable segments - Speciality Chemicals Business and Pharma Business.

The segment revenue, profitability, assets and liabilities are as under:

Revenue by segment	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Speciality Chemicals	716.12	3,203.03
b) Pharma	1,897.74	2,495.35
c) Others	-	-
Total revenue	**2,613.86**	**5,698.38**

Segment Results	For the year ended 31 March 2018	For the year ended 31 March 2017
(Profit before Tax & Interest)		
a) Speciality Chemicals	203.75	1,912.15
b) Pharma	402.79	410.11
c) Others	-	-
Total:	**606.54**	**2,322.26**
Less: (i) Interest	518.02	588.39
(ii) Unallocable expenditure (Net of Unallocable income)		
Total Profit before tax	**88.52**	**1,733.87**

Segment Assets	As at 31 March 2018
a) Speciality Chemicals	10,699
b) Pharma	1,855
Total	**12,554**
Segment Liabilities	
a) Speciality Chemicals	6,724
b) Pharma	156
Total	**6,880**
Capital Employed	
a) Speciality Chemicals	7,187
b) Pharma	3,957
Total	**11,144**

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35 AUDITORS' REMUNERATION INCLUDE:

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory audit fee (including limited review)	1.82	2.35
Taxation matters	0.07	0.02
Total	**1.89**	**2.37**

36 GRATUITY

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹2,000,000.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 1 April 2016
Opening balance	**19.73**	**22.29**	**20.10**
Current service cost	10.67	2.24	2.62
Interest cost	1.48	1.76	1.57
Benefits paid	(0.13)	(0.23)	(0.57)
Actuarial gain	13.90	(6.33)	(1.43)
Closing balance	**45.66**	**19.73**	**22.29**
Present value of projected benefit obligation at the end of the year	45.66	19.73	22.29
Fair value of plan assets at the end of the year	-	-	-
Net liability recognised in the balance sheet	**45.66**	**19.73**	**22.29**
Current provision	5.52	4.14	4.60
Non-current provision	40.13	15.59	17.69

Expenses recognised in statement of profit and loss	For the year ended 31 March 2018	For the year ended 31 March 2017
Service cost	10.67	2.24
Interest cost	1.48	1.76
Gratuity cost	**12.15**	**4.00**
Re-measurement gains/(losses) in OCI		
Actuarial gain/(loss) due to others	13.90	(6.33)
Remeasurement because of OB difference	(4.11)	-
Return on plan assets greater (less) than discount rate	0.02	-
Total expenses routed through OCI	**9.81**	**(6.33)**

Notes
forming part of the standalone financial statements

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

36 GRATUITY (CONTD.)

Assumptions	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate (per annum)	7.73%	7.52%
Future salary increases	2.00%	2.00%

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Impact of 1% increase in discount rate	(42.53)	(18.57)
Impact of 1% decrease in discount rate	49.26	21.05
Impact of 1% increase in salary growth rate	51.76	21.96
Impact of 1% decrease in salary growth rate	(40.41)	(17.84)
Impact of 1% increase in attrition rate	48.58	20.60
Impact of 1% decrease in attrition rate	(42.42)	(18.77)
Impact of 1% increase in mortality rate	45.74	19.76
Impact of 1% decrease in mortality rate	(45.58)	(19.70)

These sensitivities have been calculated to show the movement in projected benefit obligation in isolation and assuming there are no other changes in market conditions.

37 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 1 April 2016
a) the principal amount due thereon remaining unpaid to any supplier at the end of each accounting year.	Nil	Nil	Nil
b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil
c) 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 this MSMED Act;	Nil	Nil	Nil
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	Nil	Nil	Nil

Notes
forming part of the standalone financial statements

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

38 LEASES

Where the Company is a lessee:

The Company has taken various office premises under operating leases. The leases typically run for a term ranging from eleven months to five years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 5% to 10%.

i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 1 April 2016
Not later than 1 year	13.02	-	-
Later than 1 year and not later than 5 years	11.30	-	-
Later than 5 years	-	-	-

ii) Amounts recognised in statement of profit and loss:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cancellable lease expense	16.58	-
Non-cancellable lease expense	2.15	-
Total	18.73	-

39 EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders 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.

The following table sets out the computation of basic and diluted earnings per share:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit for the year attributable to equity share holders	98.67	1,263.44
Shares		
Weighted average number of equity shares outstanding during the year – basic	8,25,23,915.00	8,10,18,915.00
Weighted average number of equity shares outstanding during the year – diluted	8,35,18,915.00	8,35,18,915.00
Earnings per share		
Earnings per share of par value ₹2 – basic (₹)	1.20	15.59
Earnings per share of par value ₹2 – diluted (₹)	1.18	15.13

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Notes

forming part of the standalone financial statements

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

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

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 changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of variable rate borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

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

Particulars	Increase/ decrease in interest rate	Effect on profit before tax
March 31, 2018		
INR	+1%	(44.55)
INR	-1%	44.55
March 31, 2017		
INR	+1%	(57.06)
INR	-1%	57.06

b) 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. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date

Notes
forming part of the standalone financial statements

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

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

is primarily from trade receivables amounting to ₹ 1,676.71 (March 31,2017: 2,248.54; April 1, 2016: 2,302.83). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening balance	20.02	5.77
Credit loss provided/(reversed)	6.53	14.25
Closing balance	26.55	20.02

No single customer accounts for more than 10% of the revenue as of March 31, 2018, March 31, 2017 and April 1, 2016 and hence there is no significant concentration risk of revenue .

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

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

	On demand
Year ended March 31, 2018	
Borrowings	2,587
Trade payables	234
Year ended March 31, 2017	
Borrowings	3,057
Trade payables	453
As at April 1, 2016	
Borrowings	2,919
Trade payables	258

41 CAPITAL MANAGEMENT

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2018, March 31, 2017 and April 1, 2016 was as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
Total equity attributable to the equity shareholders of the Company	5,674	5,609	3,762
As a percentage of total capital	56.02%	49.57%	38.65%
Long-term borrowings including current maturities	1,868	2,649	3,054
Short-term borrowings	2,587	3,057	2,919
Total borrowings	4,455	5,706	5,973
As a percentage of total capital	43.98%	50.43%	61.35%
Total capital (equity and borrowings)	**10,129**	**11,314**	**9,735**

Notes
forming part of the standalone financial statements

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

42 EXPLANATION ON TRANSITION TO IND AS

As stated in Note 2.1, these are the first standalone financial statements prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Act and other relevant provision of the Act ('Previous GAAP'). For the purpose of transition from Previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101-first time adoption of Indian Accounting Standards ("Ind AS-101"), with effect from April 1, 2016 ('transition date').

The accounting policies set out in Note 3 have been applied in preparing these standalone financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening standalone Ind AS balance sheet on the date of transition i.e. April 1, 2016.

In preparing its standalone Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in standalone financial statement prepared in accordance with the Previous GAAP. This note explains how the transition from Previous GAAP to Ind AS has affected the Company's financial position and financial performance.

A. Mandatory exceptions to retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards":

1) **Estimates:** As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

   As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

   The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the Previous GAAP are listed below:

   - Impairment of financial assets based on the expected credit loss model.

   - Determination of the discounted value for financial instruments carried at amortised cost.

2) **Classification and measurement of financial assets:** Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

B. Optional exemptions from retrospective application

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions:

1) **Property, plant and equipment:** The Company has elected to treat carrying value under Previous GAAP as deemed cost for all items of its property, plant and equipment.

2) **Intangible assets:** The Company has elected to treat carrying value under Previous GAAP as deemed cost for all items of intangibles.

Notes

forming part of the standalone financial statements

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

42 EXPLANATION ON TRANSITION TO IND AS (CONTD.)

3) **Business combination:** Ind AS 101, provides the option to apply Ind AS 103, Business Combinations ("Ind AS 103") prospectively from the transition date or from a specific date prior to the transition date. The Company has elected to apply Ind AS 103 from transition date. Accordingly, business combinations occurring prior to the transition date have not been restated.

4) **Investments in subsidiaries:** On transition, Ind AS 101 allows an entity to treat previous GAAP carrying value as deemed cost for investments held in subsidiaries, associates and joint ventures. Accordingly, the Company has elected to treat previous GAAP carrying value as deemed cost for all its investments held in its subsidiaries.

C. The following reconciliation provide the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

(i) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Equity as reported under previous GAAP		5,329.12	3,534.37
Impact on account of discounting financial assets & liabilities	A	8.54	6.46
Guarantee income recognised on fair valuation of corporate guarantee	B	9.09	-
Expected credit loss on financial assets	C	(20.02)	(5.77)
Reversal of proposed dividend and taxes	D	39.47	-
Deferred tax on land	E	65.86	65.86
Taxes on above		14.51	(0.60)
Equity reported under Ind AS		**5,446.57**	**3,600.32**

A. Fair Valuation/ Amortised Cost of Financial Assets/ Liabilities and Other Assets

Fair Valuation/ Amortised Cost of Financial Assets/ Liabilities & Other Assets relates to amortised cost of Financial Assets using the effective interest rate method.

B. Guarantee income recognised on fair valuation of corporate guarantee

As required by Ind AS 109, the corporate guarantees provided by the Company are fair valued and income is recognised on amortised cost.

C. Expected credit loss on financial assets

Under Previous GAAP, Provision for doubtful receivables were created based on actual loss, however on transition to Ind AS, allowance of receivables has been done based on expected credit loss method as required by Ind AS 109.

D. Reversal of proposed dividend and taxes

Under Previous GAAP, dividend and the taxes on dividend are provided on accrual basis; where as under Ind AS, the same is provided on payment basis and hence the same has been reversed.

E. Deferred tax on land

In accordance with Ind AS 12, deferred tax on land is recognised for the difference between the book value and the indexed value of the land.

F. Actuarial gain/loss on post employement benefit obligations

Re-measurement gain/loss on defined benefit plans are re-classified from statement of profit and loss to OCI.

Notes
forming part of the standalone financial statements

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

42 EXPLANATION ON TRANSITION TO IND AS (CONTD.)

(ii) Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2017

Particulars	Note	Year ended March 31, 2017
Net Profit under previous GAAP		1,326.79
Guarantee income recognised on fair valuation of corporate guarantee	B	9.09
Unwinding of interest on assets/liabilities discounted	A	2.08
Expected credit loss on financial assets	C	(14.25)
Reversal of Foreign currency translation reserve		(71.14)
Actuarial gain/loss on post employement benefit obligations	F	(6.33)
Tax effect on above adjustments		17.20
Net Profit under Ind AS		**1,263.44**
Other comprehensive income		
Actuarial gains/(losses) on post-employment benefit obligations	F	6.33
Tax on above		(2.09)
Total comprehensive income under Ind AS		**1,267.67**

43 STANDARDS ISSUED BUT NOT EFFECTIVE

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below:

Ind AS 115 - Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018. The Company intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Company's recognition of revenues.

Other amendments to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), on 28 March 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 - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating

Notes
forming part of the standalone financial statements

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

43 STANDARDS ISSUED BUT NOT EFFECTIVE (CONTD.)

probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

44 PRIOR YEAR COMPARATIVES

The figures of the previous year have been regrouped/ reclassified, where necessary, to conform with the current year's classification.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2018

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Independent Auditor's Report

To the Members of
M/s VIVIMED LABS LIMITED

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of M/s VIVIMED LABS LIMITED (herein after referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') which comprise the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including the statement of other comprehensive income), the consolidated Statement of Cash Flow, the consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'consolidated Ind AS financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated Ind AS financial position, consolidated Ind AS financial performance (including other comprehensive income), consolidated statement of cash flows and consolidated statement of changes in equity of the Group including its subsidiaries in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with the Standards on Auditing, 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated IndAS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the Company, as at 31st March 2018, and their consolidated Profit and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books

    c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Statement of Cash Flow and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

    d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2014

    e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, 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 group and the operating effectiveness of such controls, refer to our separate report in ' Annexure A'; and

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

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

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

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

OTHER MATTER:

We did not audit the financial statements of below mentioned list of 13 subsidiaries company included in the consolidated financial results, whose financial statements/financial information reflect total assets of ₹27,757 (Millions) as at 31st March, 2018, total revenue of ₹9724.03 (Millions) for the year ended 31st March, 2018. These Unaudited Ind AS financial statements and other unaudited financial information have been prepared and furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the information and explanations provided to us by the management

The consolidated year-to-date financial results of the holding company include the following entities:

a. Finoso Pharma Private Limited
b. Vivimed Specialty Chemicals Private Limited
c. Vivimed Labs USA INC.
d. Vivimed Labs Mauritius Limited
e. Vivimed Holdings Limited
f. Vivimed Labs Europe Limited
g. Vivimed Labs UK Limited
h. Vivimed Labs Spain S.L.
i. Union QuimicoFarmaceutica S.A.U ., Spain
j. Holliday International Limited ,UK
k. Uquifa Mexico S.A. de C.V.
l. Vivimed Labs (Mascarene) Limited
m. Vivimed Life Sciences Private Limited
n. Uquifa India Pvt Ltd.

For **P C N & Associates.,**
(Formerly known as Chandra Babu Naidu & Co.,)
Chartered Accountants
Firm Registration No: 016016S

Sd/-
Chandra Babu .M
Partner
Membership No. 227849

Place: Hyderabad
Date : 30-05-2018

Annexure "A" to the Independent Auditor's Report of Even Date on the Consolidated Ind As Financial Statements of Vivimed Labs Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of VIVIMED LABS LIMITED as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of VIVIMED LABS LIMITED (hereinafter referred to as the 'Holding Company'), and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Covered entities, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Covered entities considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **P C N & Associates.,**
(Formerly known as Chandra Babu Naidu & Co.,)
Chartered Accountants
Firm Registration No: 016016S

Sd/-
Chandra Babu .M
Partner
Membership No. 227849

Place: Hyderabad
Date : 30-05-2018

Consolidated Balance Sheet

as at 31 March 2018

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

Particulars	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	7,447.16	6,523.71	7,144.06
Capital work-in-progress		652.71	761.26	941.69
Goodwill		2,176.26	1,591.71	346.49
Other intangible assets	5	730.15	673.58	646.09
Financial assets				
Investments	6	26.99	27.09	26.89
Deferred tax assets, net	7	78.57	64.62	41.28
Other non-current assets	8	5.03	33.09	30.68
		11,116.87	**9,675.07**	**9,177.19**
Current assets				
Inventories	9	5,401.66	4,839.68	4,907.97
Financial assets				
Trade receivables	10	2,754.30	2,001.42	3,256.64
Cash and cash equivalents	11	990.33	554.73	309.58
Loans	12	847.14	622.44	726.52
Others	13	0.78	0.91	0.80
Current tax assets	14	324.17	231.65	112.08
Other current assets	8	2,501.03	2,693.34	1,898.41
		12,819.41	**10,944.17**	**11,212.00**
Total assets		**23,936.28**	**20,619.24**	**20,389.18**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	165.05	162.04	162.04
Instruments entirely equity in nature	16	3,252.21	-	-
Other equity	17	8,846.71	7,180.06	5,115.98
Equity attributable to the owners of the Company		**12,263.97**	**7,342.10**	**5,278.02**
Non-controlling interests		122.81		
Total equity		**12,386.78**	**7,342.10**	**5,278.02**
Non-current liabilities				
Financial Liabilities				
Borrowings	18	3,251.97	4,533.11	3,261.01
Other financial liabilities	19	233.60	450.38	-
Other non current liabilities	20	91.34	97.81	2,846.51
Provisions	21	70.28	21.94	29.56
		3,647.19	**5,103.24**	**6,137.08**
Current liabilities				
Financial Liabilities				
Borrowings	18	3,851.61	3,814.71	4,077.59
Trade payables	22	2,019.94	1,785.93	2,328.31
Other financial liabilities	19	1,398.16	1,799.20	2,299.77
Other current liabilities	20	78.28	-	-
Provisions	21	5.52	4.14	1.22
Current tax liabilities	23	548.80	769.92	267.19
		7,902.31	**8,173.90**	**8,974.08**
Total liabilities		**11,549.50**	**13,277.14**	**15,111.16**
Total equity and liabilities		**23,936.28**	**20,619.24**	**20,389.18**
Summary of significant accounting policies	3			

The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

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

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	24	11,856.60	14,619.11
Other income	25	96.10	80.88
Total income		**11,952.70**	**14,699.99**
Expenses			
Cost of materials consumed	26	4,898.03	5,658.31
Changes in inventories and work in progress	27	(101.29)	(295.46)
Employee benefit expenses	28	1,977.77	1,899.76
Other operating expenses	29	2,093.35	2,072.25
Depreciation and amortisation expense	30	564.20	582.79
Finance costs	31	794.83	658.71
Other expenses	32	868.70	1,258.86
Total expenses		**11,095.59**	**11,835.22**
Profit before tax		857.11	2,864.77
Tax expenses			
Current tax	33	121.79	740.95
Deferred tax	33	(25.58)	(15.93)
Total tax expense		**96.21**	**725.02**
Profit/(Loss) for the year before non-controlling interest		**760.90**	**2,139.75**
Profit/(Loss) attributable to non controlling interest		18.53	-
Profit/(Loss) attributable to owners of the Parent		779.43	2,139.75
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plan		(9.81)	6.33
Income-tax effect	33	3.24	(2.09)
Total		**(6.57)**	**4.24**
Other comprehensive income before non-controlling interest		(6.57)	4.24
Other comprehensive income attributable to non controlling interest		-	-
Other comprehensive income attributable to owners of the Parent		(6.57)	4.24
Total comprehensive income for the year before non controlling interest		754.33	2,143.99
Total comprehensive income attributable to non controlling interest		18.53	-
Total comprehensive income attributable to owners of the Parent		772.86	2,143.99
Earnings per equity share (nominal value of ₹2) in INR	41		
Basic		9.22	26.41
Diluted		9.11	25.62
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

Consolidated Statement of Cash Flows

for the year ended 31 March 2018

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

Particulars		For the year ended 31 March 2018	For the year ended 31 March 2017
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		857.11	2,864.77
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of tangible assets		515.15	524.88
Amortisation of intangible assets		49.05	57.91
Finance costs (including fair value change in financial instruments)		794.83	658.71
Operating profit before working capital changes		**2,216.14**	**4,106.27**
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets			
Trade receivables		(752.88)	1,255.22
Inventories		(561.98)	68.29
Loans - current		(224.70)	104.08
Other assets		220.49	(797.45)
Adjustment for (increase)/decrease in operating liabilities			
Trade payables		234.01	(542.38)
Other financial liabilities		(617.82)	(50.19)
Other liabilities		71.81	(3,198.61)
Provisions		49.71	1.62
Cash generated from operations		**634.78**	**946.85**
Income taxes paid		(420.57)	(367.29)
Net cash generated from/(used in) operating activities		**214.21**	**579.56**
II. Cash flows from investing activities			
Proceeds from sale/ (Purchase of) property, plant and equipment and intangibles (including capital work in progress), net		(1,635.37)	(684.73)
Investments made during the year		0.10	(0.20)
Net cash used in investing activities		**(1,635.27)**	**(684.93)**
III. Cash flows from financing activities			
Share issue proceeds		3,935.17	-
Dividend paid		(39.47)	
Proceeds from/(repayment of) long-term borrowings, net		(1,281.14)	1,272.10
Proceeds from/(repayment of) short-term borrowings, net		36.90	(262.88)
Interest paid		(794.83)	(658.71)
Net cash provided by financing activities		**1,856.63**	**350.51**
Net increase in cash and cash equivalents (I+II+III)		435.58	245.14
Cash and cash equivalents at the beginning of the year		554.73	309.59
Cash and cash equivalents at the end of the year (refer note below)		**990.33**	**554.73**
Note:			
Cash and cash equivalents comprise:			
Cash on hand		2.80	21.16
Balances with banks:			
- in current accounts		987.53	533.57
		990.33	**554.73**
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

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

A. EQUITY SHARE CAPITAL

Particulars	No. of shares	Amount
Balance as at April 1, 2016	162,03,783	162.04
Shares split during the year in the ratio of 1:5	648,15,132	-
Balance as at March 31, 2017	**810,18,915**	**162.04**
Add: Issued during the year	15,05,000	3.01
Balance as at March 31, 2018	**825,23,915**	**165.05**

B. INSTRUMENTS ENTIRELY EQUITY IN NATURE

₹ in Millions

Particulars	No. of shares	Amount
Compulsorily convertible preference shares		
Balance as at April 1, 2016	-	-
Balance as at March 31, 2017	**-**	**-**
Add: Issued during the year in 50,000 @ USD 1000 Per share	50,00,000	3,252.21
Balance as at March 31, 2018	**50,00,000**	**3,252.21**

C. OTHER EQUITY

₹ in Millions

Particulars	Reserves and Surplus						Total equity attributable to the owners of the Company	Non-controlling interest	Total equity
	Securities premium	Capital reserve	General reserve	Revaluation reserve	Foreign currency adjustment	Retained earnings			
At April 1, 2016	1,766.60	8.57	141.16	10.00	-	3,189.65	5,115.98	-	5,115.98
Profit for the year						2,139.75	2,139.75	-	2,139.75
Additions during the year				370.00	(449.91)	-	(79.91)	-	(79.91)
Other comprehensive income									
Re-measurement gains/ (losses) on defined benefit plans, net of tax	-		-	-		4.24	4.24	-	4.24
At March 31, 2017	**1,766.60**	**8.57**	**141.16**	**380.00**	**(449.91)**	**5,333.64**	**7,180.06**	**-**	**7,180.06**
Profit for the year						779.43	779.43	(18.53)	760.90
Additions during the year	538.62				384.83	-	923.45	141.34	1,064.79
Dividend paid during the year (including tax on dividend)						(39.47)	(39.47)	-	(39.47)
Other comprehensive income									-
Re-measurement gains/ (losses) on defined benefit plans, net of tax	-		-	-		3.24	3.24	-	3.24
Balance as of 31 March 2018	**2,305.22**	**8.57**	**141.16**	**380.00**	**(65.08)**	**6,076.84**	**8,846.71**	**122.81**	**8,969.52**

The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2018

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Notes

forming part of the Consolidated financial statements

1 GENERAL INFORMATION

Vivimed Labs Limited ('the Company') is a Public Limited Company incorporated in India, having its registered office at Bidar, India. The Company together with its subsidiaries (hereinafter collectively referred to as "the Group") is primarily engaged in the Business of Active Pharmaceuticals Ingredients, CDMO Finished Dosage Formulation specialty chemicals and Retail Branded Formulation manufacturing. The Company is listed in the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance of the Company is provided in Note 44.

The financial statements were authorised for issue by the Company's Board of Directors on May 30, 2018.

Details of the accounting policies are included in Note 3.

2.2 Group information

The consolidated financial statements of the Group includes subsidiaries and step down subsidiaries listed in the table below:

Name of investee	Relationship	Country of incorporation	Percentage of ownership/ voting rights		
			31-Mar-18	31-Mar-17	31-Mar-16
Finoso Pharma Private Limited	Subsidiary	India	100%	100%	100%
Vivimed Specialty Chemicals Private Limited	Subsidiary	India	100%	100%	100%
Vivimed Life Sciences Private Limited	Subsidiary	India	50%	NA	NA
Vivimed Holdings Limited	Subsidiary	Hong kong	100%	100%	100%
Vivimed Labs USA INC.	Subsidiary	USA	100%	100%	100%
Vivimed Labs Mauritius Limited	Subsidiary	Mauritius	100%	100%	100%
UQUIFA India Private Limited	Step down Subsidiary	India	100%	NA	NA
Vivimed Labs Europe Limited	Step down Subsidiary	UK	100%	100%	100%
Vivimed Labs UK Limited	Step down Subsidiary	UK	100%	100%	100%
Vivimed Labs Spain S.L.	Step down Subsidiary	Spain	100%	100%	100%
Union Quimico Farmaceutica S.A.U	Step down Subsidiary	Spain	100%	100%	100%
Holliday International Limited	Step down Subsidiary	UK	100%	100%	100%
Uquifa Mexico S.A. de C.V.	Step down Subsidiary	Mexico	100%	100%	100%
Vivimed Labs (Mascarene) Ltd	Step down Subsidiary	Mauritius	100%	NA	NA
Strides Vivimed PTE Ltd	JV	Singapore	50%	NA	NA

Notes

forming part of the Consolidated financial statements

2.3 Basis of consolidation

(i) The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

(ii) Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.

(iii) The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiary line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-Group assets, liabilities, income, expenses and unrealised profits/losses on intra-Group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company.

The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

2.4 Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

2.5 Functional currency

The financial statements are presented in Indian rupees millions, which is the functional currency of the Group. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts are in Indian Rupee millions except share data, unless otherwise stated.

2.6 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

Liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least

Notes
forming part of the Consolidated financial statements

twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred Tax Assets and Liability are always as closed as non-current.

2.7 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

2.8 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured.

- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.

- Revenue from the sale of goods includes excise duty.

- Dividend income is accounted for when the right to receive the income is established.

Notes

forming part of the Consolidated financial statements

- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale / redemption on investment on trade date of transaction.

- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Further, at the inception of above arrangement, the Group determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.7 Property, plant and equipment

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

3.8 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

3.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

The Group has componentised its PPE and has separately assessed the life of major components.The Group depreciates its fixed assets over the useful lives as prescribed in Schedule II to the Act.

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Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

3.10 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and thelevel of maintenance expenditures required to obtain the expected future cash flows from the asset.

3.11Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

  Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on FIFO basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

  Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Group receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.15 Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. 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 or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the

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carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

3.17 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.18 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.19 Financial instruments

a. **Recognition and Initial recognition**

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. **Classification and Subsequent measurement**

Financial assets:

On initial recognition, a financial asset is classified as measured at

– amortised cost;

– FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

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'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. **Derecognition Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit

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d **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. **Impairment**

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost; At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

– debt securities that are determined to have low credit risk at the reporting date; and

– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Buildings	Plant and Machinery	Electrical equipment	Laboratory equipment	Office equipment	Computers	Furniture	Vehicles	Books and Periodicals	Leasehold improvements	Total
Deemed Cost												
At April 1, 2016 (Refer note 42B)	1,263.19	1,636.73	3,965.91	47.00	115.35	13.42	32.36	49.47	20.61	0.02	-	7,144.06
Additions	370.00	77.13	369.71	-	3.01	0.84	11.97	3.76	7.54	-	-	843.96
Deletions	93.46	253.70	767.61	13.03	15.27	0.45	1.36	8.66	-	-	-	1,153.48
At March 31, 2017	**1,539.73**	**1,460.16**	**3,568.01**	**33.97**	**103.09**	**13.81**	**42.97**	**44.57**	**28.15**	**0.02**	**-**	**6,834.48**
Additions	674.42	1,125.08	597.92	0.26	48.85	1.81	18.98	92.82	13.59	-	1.44	2,575.17
Deletions	67.40	418.01	556.51	-	33.82	0.02	14.84	44.38	1.60	-	-	1,136.58
At March 31, 2018	**2,146.75**	**2,167.23**	**3,609.42**	**34.23**	**118.12**	**15.60**	**47.11**	**93.01**	**40.14**	**0.02**	**1.44**	**8,273.07**
Accumulated depreciation												-
At April 1, 2016	-	-	-	-	-	-	-	-	-			-
Charge for the year	0.00	72.30	402.55	4.11	10.82	1.38	18.43	9.10	6.18	0.00	-	524.88
Less: Adjustments		51.70	150.45	3.61	3.75	0.13	0.67	3.81		-	-	214.12
At March 31, 2017	**0.00**	**20.60**	**252.10**	**0.50**	**7.07**	**1.25**	**17.76**	**5.29**	**6.18**	**0.00**	**-**	**310.76**
Charge for the year	-	63.52	399.10	3.48	11.47	0.79	19.96	9.32	7.48	-	0.03	515.15
Less: Adjustments	-											-
At March 31, 2018	0.00	84.12	651.20	3.98	18.54	2.04	37.72	14.61	13.66	0.00	0.03	825.91
Carrying amount												-
At April 1, 2016	1,263.19	1,636.73	3,965.91	47.00	115.35	13.42	32.36	49.47	20.61	0.02	-	7,144.06
At March 31, 2017	1,539.73	1,439.56	3,315.91	33.47	96.02	12.56	25.21	39.28	21.97	0.02	-	6,523.72
At March 31, 2018	**2,146.75**	**2,083.11**	**2,958.22**	**30.25**	**99.58**	**13.56**	**9.39**	**78.40**	**26.48**	**0.02**	**1.41**	**7,447.16**

Note

a) Charge on Property, plant and equipment

All the property, plant and equipment are subject to a first charge to secure the Group's Bank loans.

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5 INTANGIBLE ASSETS

Particulars	Brands, Trademarks and Technical know how	Total
Cost		
At April 1, 2016 (refer note 42B)	646.09	646.09
Additions	85.61	85.61
Deletions	0.21	0.21
At March 31, 2017	**731.49**	**731.49**
Additions	129.47	129.47
Deletions	**23.85**	**23.85**
At March 31, 2018	**837.11**	**837.11**
Accumulated depreciation		
At April 1, 2016	-	-
Amortisation expense	57.91	57.91
At March 31, 2017	**57.91**	**57.91**
Amortisation expense	49.05	49.05
Less: Adjustments	-	-
At March 31, 2018	**106.96**	**106.96**
Carrying amount		
At April 1, 2016	646.09	646.09
At March 31, 2017	673.58	673.58
At March 31, 2018	**730.15**	**730.15**

6 INVESTMENTS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current investments			
Investments carried at fair value through profit & loss			
Investments in others			
Unquoted equity shares			
2,500,000 (March 31, 2017: 2,500,000; April 1, 2016: 2,500,000) equity shares of ₹10 each in Yantra Green Power Private Limited	25.00	25.00	25.00
Others	1.99	2.09	1.89
Total	**26.99**	**27.09**	**26.89**
Total investments carried at fair value through profit and loss	26.99	27.09	26.89

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

7 DEFERRED TAX ASSETS, NET

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax asset			
- Tangible and Intangible assets	-	-	-
- Provision allowed under tax on payment basis	-	-	-
- Expected credit loss on financial assets	78.57	64.62	41.28
- MAT credit entitlement			
Total	**78.57**	**64.62**	**41.28**
Deferred tax liability			
- Fair valuation of financial liabilities			
Deferred tax asset, net	**78.57**	**64.62**	**41.28**

8 OTHER ASSETS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current			
Unsecured, considered good			
Capital advances	-	28.06	25.65
Advances other than capital advances	-	-	-
Prepaid leases	5.03	5.03	5.03
	5.03	**33.09**	**30.68**
Current			
Unsecured, considered good			
Advances other than capital advances	-	-	-
Other advances	2,205.94	2,468.98	1,625.60
Prepaid expenses	289.62	224.36	244.07
Export incentives	5.47	-	28.73
	2,501.03	**2,693.34**	**1,898.41**

9 INVENTORIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw Materials	2,597.83	2,484.42	2,655.52
Packing Materials	114.34	114.07	63.50
Semi-finished & Work-in-progress	746.36	779.10	709.39
Finished Goods (including Goods in transit)	1,943.13	1,462.09	1,479.56
Total	**5,401.66**	**4,839.68**	**4,907.97**

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

10 TRADE RECEIVABLES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured,considered good	2,780.85	2,021.44	3,262.41
	2,780.85	**2,021.44**	**3,262.41**
Less: Allowance for doubtful receivables	(26.55)	(20.02)	(5.77)
Total	**2,754.30**	**2,001.42**	**3,256.64**

11 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks:			
- On current accounts	987.53	533.57	307.15
Cash on hand	2.80	21.16	2.43
Total	**990.33**	**554.73**	**309.58**

12 LOANS (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Security deposits	562.80	433.93	536.72
Loans and advances to related parties	93.06	85.08	89.48
Loans to employees and others	191.27	103.42	100.31
Total	**847.14**	**622.44**	**726.52**

13 OTHER FINANCIAL ASSETS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Interest receivable	0.78	0.91	0.80
Total	**0.78**	**0.91**	**0.80**

14 CURRENT TAX ASSETS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance tax and TDS receivable	324.17	231.65	112.08
Less: Provision for taxes	-	-	-
Total	**324.17**	**231.65**	**112.08**

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15 SHARE CAPITAL

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised Share Capital			
1,110,000,000 (March 31, 2017: 200,000,000) equity shares of ₹2 each (April 1, 2016: 40,000,000 equity shares of ₹10/- each)	2,220.00	400.00	400.00
Issued, subscribed and fully paid-up			
82,523,915 (March 31, 2017: 81,018,915) equity shares of ₹2/- each fully paid-up (April 1, 2016: 16,203,783 equity shares of ₹10/- each)	165.05	162.04	162.04
	165.05	**162.04**	**162.04**

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

Particulars	Number of Shares	Value
Balance at April 01, 2016 (Equity shares of ₹10/- each fully paid-up)	162,03,783	162.04
Shares split during the year in the ratio of 1:5	648,15,132	-
Balance at March 31, 2017 (Equity shares of ₹2/- each fully paid-up)	**810,18,915**	**162.04**
Issued during the year (Equity shares of ₹2/- each fully paid)	15,05,000	3.01
Balance at March 31, 2018 (Equity shares of ₹2/- each fully paid-up)	**825,23,915**	**165.05**

(b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. 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) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Equity shares of ₹4/- each fully paid			
Nylim Jacob Ballas Indis Fund III, LLC			
Number of shares held	-	-	21,26,984
% of holding	0.00%	0.00%	13.13%
BBR Projects Private Limited			
Number of shares held	131,62,000	124,82,165	22,96,433
% of holding	15.95%	15.41%	14.17%
Kitara PIIN 1102			
Number of shares held	91,50,685	91,50,685	18,30,137
% of holding	11.09%	11.29%	11.29%
Santosh Varalwar			
Number of shares held	60,99,050	60,99,050	12,19,810
% of holding	7.39%	7.53%	7.53%

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16 INSTRUMENTS ENTIRELY EQUITY IN NATURE

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Compulsorily convertible preference shares			
Authorised Share Capital			
PY (March 31, 2017: Nil)	-	-	-
Issued, subscribed and fully paid-up			
(March 31, 2017: Nil) 50000 No's preference shares of USD.1000 each	3,252.21	-	-
	3,252.21	**-**	**-**

17 OTHER EQUITY

Particulars	As at 31 March 2018	As at 31 March 2017
Securities premium		
Opening balance	1,766.60	1,766.60
Additions during the year	538.62	-
Closing balance	**2,305.22**	**1,766.60**

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

Capital reserve		
Opening balance	8.57	8.57
Additions during the year	-	-
Closing balance	**8.57**	**8.57**
General reserve		
Opening balance	141.16	141.16
Add: Transfers during the year	-	-
Closing balance	**141.16**	**141.16**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Revaluation reserve		
Opening balance	380.00	10.00
Add: Additions during the year	-	370.00
Closing balance	**380.00**	**380.00**
Foreign currency adjustment		
Opening balance	(449.91)	-
Add: Additions during the year	384.83	(449.91)
Closing balance	**(65.08)**	**(449.91)**
Retained earnings		
Opening balance	5,333.64	3,189.65
Profit/(loss) for the year	779.43	2,139.75
Dividend paid during the year (including tax on dividend)	(39.47)	
Other comprehensive income	3.24	4.24
Closing balance	**6,076.84**	**5,333.64**
Total other equity	**8,846.71**	**7,180.06**

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18 BORROWINGS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current Borrowings			
Secured loans			
Term loans			
- From Banks (refer note A below)	811.03	669.72	884.59
- From Financial institutions (refer note A below)	1,940.46	3,284.44	1,226.73
Redeemable preference shares			
- From Financial institutions (refer note C below)			639.46
Other loans			
- From Financial institutions	7.49	8.30	7.70
Unsecured loans			
Sales tax deferrment loan (refer note B below)	3.66	3.32	5.04
FCCB's From Financial Institutions (refer note C below)	489.33	567.34	497.50
Total non-current borrowings	**3,251.97**	**4,533.11**	**3,261.01**
Current Borrowings			
Secured loans repayable on demand			
Working capital loans			
- Cash credit and packing credit loans (refer note D below)	3,814.46	3,782.81	3,960.31
- Foreign bills discounting	-	-	84.03
- Others	37.15	31.90	33.25
Total current borrowings	**3,851.61**	**3,814.71**	**4,077.59**

A. Term loans:

Term loan from Banks consists of:

(i) Loan taken from SBI for USD 10.1 million repayable in 16 instalments from October 2017 to June 2021. This loan carries an interest rate of 5.84%.

(ii) Term loan from Allahabad Bank for ₹500 million repayable in 16 instalments from May 2015 to February 2019.This loan carries an interest rate of 12.75%

(iii) Term loan from SBI for ₹30 million at an interest rate of 12.75%

(iv) Term loan from RBL Bank for ₹100 million at an interest rate of 10.90%

(v) Term loan from Axis Bank Singapore for USD 6.45 million at an interest rate of 3.60%

Term loan from Financial Institutions consists of:

(i) ECB loan taken from IFC for USD 12.5 million repayable in 10 instalments from June 2015 to December 2019. This loan carries an interest rate of 6.02%.

(ii) Term loan from IFCI Limited for ₹1,000 million repayable in 16 instalments from February 2015 to November 2018. This loan carries an interest rate of 13.65%

(iii) Term loan from Olympus for USD 39 million at an interest rate of 12%

(iv) Term loan from Ministry of Industries, Spain for Euros 9.5 million

All the term loans are secured by a charge on the moveable and immovable assets of the Group, present and future, with a *pari passu charge*.

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18 BORROWINGS (CONTD.)

B. Sales tax deferment loan:

The Company has been granted an interest free sales tax deferment loan by the Government of Andhra Pradesh. As per the terms of this scheme, the Company has to repay the amount till FY 2018-19. This loan is unsecured.

C. FCCB's from Financial Institutions:

The Company has obtained an FCCB from IFC in June 2011 for an amount of USD 7.5 million repayable in 5 years with a coupon rate of 0.55% per annum and an interest rate of 4.23% per annum compounded semi annually if the conversion option is not exercised. Subsequently, during the year, the due date for payment has been extended upto 30 September 2019. The entire portion was classified under "Borrowings", and there is no equity portion of the instrument.

D. Cash credits and packaging credit loans:

The Company has working capital facilities in the form of cash credits and packaging credit from multiple Banks with interest rates varying between 1.55% to 14.75%.

19 OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-Current			
Creditors for capital goods	233.60	303.07	-
Payable to related parties	-	147.31	-
	233.60	**450.38**	**-**
Current			
Current maturities of long-term debts	1,136.37	1,758.87	2,277.64
Employee salaries payable	224.85	32.02	13.81
Employee bonus payable	14.94	8.30	8.33
Provision for expenses	22.01	-	-
	1,398.16	**1,799.20**	**2,299.77**

20 OTHER LIABILITIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-Current			
Deferred interest	74.60	97.06	-
Advances received	16.37		2,845.38
Grants receivable	0.37	0.75	1.13
	91.34	**97.81**	**2,846.51**
Current			
Statutory liabilities	78.28	-	-
	78.28	**-**	**-**

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21 PROVISIONS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-Current			
Provision for employee benefits			
- Gratuity (refer note 3)	43.14	18.44	24.05
- Compensated absences	19.31	2.97	5.50
Provision for others	7.83	0.53	-
	70.28	**21.94**	**29.56**
Current			
Provision for employee benefits			
- Gratuity (refer note 3)	5.52	4.14	-
- Compensated absences	-	-	1.22
	5.52	**4.14**	**1.22**

22 TRADE PAYABLES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises (refer note 39)	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,019.94	1,785.93	2,328.31
	2,019.94	**1,785.93**	**2,328.31**

23 CURRENT TAX LIABILITIES

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables			
Provision for taxes	548.80	769.92	267.19
Less: Advance tax and TDS receivable	-	-	-
	548.80	**769.92**	**267.19**

24 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from sale of products		
Domestic	3,264.94	4,381.21
Export	8,546.90	7,867.87
	11,811.84	**12,249.08**
Other operating revenue	44.76	2,370.03
	11,856.60	**14,619.11**

25 OTHER INCOME

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Grants received	0.38	0.38
Miscellaneous income	95.72	80.50
	96.10	**80.88**

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26 COST OF MATERIALS CONSUMED

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening Stock of Raw Materials and Consumables	2,484.42	2,655.52
Opening Stock of Packing Materials	114.07	63.50
Opening Stock of Raw Materials (JDV)	80.18	-
Opening Stock of Packing Materials (JDV)	68.20	-
Add : Purchases during the year	4,863.33	5,537.78
	7,610.20	**8,256.80**
Less : Closing Stock of Raw Materials and Consumables	2,597.83	2,484.42
Less : Closing Stock of Packing Materials	114.34	114.07
	4,898.03	**5,658.31**

27 CHANGES IN INVENTORIES AND WORK IN PROGRESS

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Finished Goods		
Inventories at the beginning of the year	1,697.79	1,590.60
Less : Inventories at the end of the year	1,755.69	1,697.79
Sub Total (A)	**(57.90)**	**(107.19)**
Semi Finished Goods & Work-in-Progress		
Inventories at the beginning of the year	779.10	709.39
Less : Inventories at the end of the year	746.36	779.10
Sub Total (B)	**32.74**	**(69.71)**
Goods in transit and stock in trade	-	22.30
Fluctuation in foreign exchange	(76.13)	(140.86)
(Increase) / Decrease in Inventories	**(101.29)**	**(295.46)**

28 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	1,878.35	1,839.59
Staff welfare expenses	99.42	60.17
	1,977.77	**1,899.76**

29 OTHER OPERATING EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of Stores & Spares	174.49	156.83
Power & Fuel	347.25	347.85
Wages & Allowances	10.44	21.67
Labour Charges	170.82	152.40
Repairs to Building	4.06	7.12
Repairs to Machinery	182.01	212.92
Other Manufacturing Expenses	451.83	451.30
Job Work Charges	4.75	10.47
R & D Expenses	747.70	711.69
	2,093.35	**2,072.25**

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30 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of tangible assets	515.15	524.88
Amortization of intangible assets	49.05	57.91
	564.20	**582.79**

31 FINANCE COSTS

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on term loans, ECB loans and vehicle loans	146.33	207.31
Interest on working capital loan and cash credit	369.80	402.64
Other borrowing cost	278.70	48.76
	794.83	**658.71**

32 OTHER EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Business & Marketing Expenses	38.91	45.73
Bank charges	28.70	19.15
Commission & Discounts	86.39	74.07
Travelling Expenses - Foreign	38.25	37.64
Other selling expenses	41.33	34.10
Printing & Stationery	8.89	9.39
Telephone & Postage Expenses	17.22	27.36
Travelling Expenses	41.30	45.99
Rates & Taxes	63.16	63.67
Conveyance	8.53	7.19
Consultancy Charges	180.45	129.66
Insurance	42.31	49.19
Rent	48.15	42.46
Other Administrative Expenses	311.35	510.58
Processing fee on term loans	20.85	26.20
Provision against doubtful receivables	6.53	14.25
Fluctuation on Foreign exchange	(141.48)	106.04
Payment to Auditors:		
(i) As Auditor	26.34	13.93
(ii) For Taxation Matters	1.52	2.26
	868.70	**1,258.86**

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33 TAX EXPENSES

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge	121.79	740.95
Deferred tax:		
Relating to originating and reversal of temporary differences	(25.58)	(15.93)
Income tax expense recognised in the statement of profit or loss	**96.21**	**725.02**

Deferred tax related to items considered in OCI during the year

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Re-measurement gains/ (losses) on defined benefit plan	3.24	(2.09)
Income tax charge to OCI	**3.24**	**(2.09)**

34 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
i) Contingent liabilities:			
- Corporate guarantees given on behalf of others	1,076.60	1,460.83	3,173.83
- Letter of credit outstanding	455.00	773.06	767.10
- Bank guarantees	9.06	9.61	9.46
- Income tax demand		125.41	125.41
ii) Commitments:			
- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	-	-	-

35 RELATED PARTY DISCLOSURES

a) Names of related parties and description of relationship

Joint venture Group	Vivimed Global Generics Pte Ltd
Key Management Personnel ("KMP")	Santosh Varalwar (Managing Director)
	Manohar Rao Varalwar (Executive Director)
	Yugandhar Kopparthi (Company Secretary)

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35 RELATED PARTY DISCLOSURES (CONTD.)

b) Transactions with related parties

	For the year ended 31 March 2018	For the year ended 31 March 2017
Key Management Personnel		
Remuneration Paid*	40.17	29.00
Subsidiaries and step down subsidiaries		
Sale of goods	1,619.66	1,954.02
Purchase of goods	487.06	110.26
Advances given	1,273.01	162.83
Advances received	3,105.13	402.97

*Does not include insurance, which is paid for the Group as a whole and gratuity and compensated absences as this is provided in the books of accounts on the basis of actuarial valuation for the Group as a whole and hence individual amount cannot be determined.

c) Details of balances receivable from and payable to related parties are as follows:

Name of Related Party	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
BBR Projects Pvt Ltd	379.23	(0.12)	(14.00)
Yantra Green Power Pvt Ltd	(0.56)	(1.93)	(6.26)
Kreatvie Hosts Atria Pvt Ltd	0.15	(1.26)	(1.15)
Yantra E-Solar India Private Limited	58.72	-	-
Nisarg Biosciences Private Limited	24.99	-	-
BBR Green fields Private Limited	26.05	-	-
Sanvita Biotech Private Limited	40.45	-	-

d) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

e) Others:

The Company has given Corporate Guarantee for the credit facilities of ₹1,076.60 mn availed by the Subsidiaries.

36 SEGMENT INFORMATION

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating and geographical segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments and geographical segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).The CODM evaluates the Group's performance and allocates resources on overall basis.

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36 SEGMENT INFORMATION (CONTD.)

The Group has two reportable segments - Speciality Chemicals Business and Pharma Business.
The segment revenue, profitability, assets and liabilities are as under:

Revenue by segment	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Speciality Chemicals	2,003.46	4,515.28
b) Pharma	9,853.14	10,103.83
c) Others	-	-
Total revenue	11,856.60	14,619.11

Segment Results	For the year ended 31 March 2018	For the year ended 31 March 2017
(Profit before Tax & Interest)		
a) Speciality Chemicals	622.32	2,079.73
b) Pharma	1,029.62	1,443.77
c) Others		
Total:	**1,651.93**	**3,523.50**
Less: (i) Interest	795	658.71
(ii) Unallocable expenditure (Net of Un allocable income)	-	-
Total Profit before tax	857.10	2,864.79

Segment Assets	As at 31 March 2018
a) Speciality Chemicals	12,633
b) Pharma	11,303
Total	**23,936**
Segment Liabilities	
a) Speciality Chemicals	6,050
b) Pharma	5,499
Total	**11,549**
Capital Employed	
a) Speciality Chemicals	6,557
b) Pharma	5,803
Total	**12,360**

37 AUDITORS' REMUNERATION INCLUDE:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fee (including limited review)	26.34	13.93
Taxation matters	1.52	2.26
Total	**27.86**	**16.19**

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38 GRATUITY

The Group provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Opening balance	**19.73**	**22.29**	**20.10**
Current service cost	10.67	2.24	2.62
Interest cost	1.48	1.76	1.57
Benefits paid	(0.13)	(0.23)	(0.57)
Actuarial gain	13.90	(6.33)	(1.43)
Closing balance	**45.66**	**19.73**	**22.29**
Present value of projected benefit obligation at the end of the year	45.66	19.73	22.29
Fair value of plan assets at the end of the year	-	-	-
Net liability recognised in the balance sheet	**45.66**	**19.73**	**22.29**
Current provision	5.52	4.14	4.60
Non current provision	40.13	15.59	17.69

Expenses recognised in statement of profit and loss	As at 31 March 2018	As at 31 March 2017
Service cost	10.67	2.24
Interest cost	1.48	1.76
Gratuity cost	**12.15**	**4.00**
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to others	13.90	(6.33)
Remeasurement because of OB difference	(4.11)	-
Return on plan assets greater (less) than discount rate	0.02	-
Total expenses routed through OCI	**9.81**	**(6.33)**

Assumptions	As at 31 March 2018	As at 31 March 2017
Discount rate (per annum)	7.73%	7.52%
Future salary increases	2.00%	2.00%

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38 GRATUITY (CONTD.)

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	As at 31 March 2018	As at 31 March 2017
Impact of 1% increase in discount rate	(42.53)	(18.57)
Impact of 1% decrease in discount rate	49.26	21.05
Impact of 1% increase in salary growth rate	51.76	21.96
Impact of 1% decrease in salary growth rate	(40.41)	(17.84)
Impact of 1% increase in attrition rate	48.58	20.60
Impact of 1% decrease in attrition rate	(42.42)	(18.77)
Impact of 1% increase in mortality rate	45.74	19.76
Impact of 1% decrease in mortality rate	(45.58)	(19.70)

These sensitivities have been calculated to show the movement in projected benefit obligation in isolation and assuming there are no other changes in market conditions.

39 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Group. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Group has not received any claim for interest from any supplier.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) the principal amount due thereon remaining unpaid to any supplier at the end of each accounting year.	Nil	Nil	Nil
b) the amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil
c) 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 this MSMED Act	Nil	Nil	Nil
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	Nil	Nil	Nil

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40 LEASES

Where the Group is a lessee:

The Group has taken various office premises under operating leases. The leases typically run for a term ranging from eleven months to five years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 5% to 10%.

i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 1 April 2016
Not later than 1 year	13.02	-	-
Later than 1 year and not later than 5 years	11.30	-	-
Later than 5 years	-	-	-

ii) Amounts recognised in statement of profit and loss:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cancellable lease expense	46.00	-
Non - cancellable lease expense	2.15	-
Total	48.15	-

41 EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders 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.

The following table sets out the computation of basic and diluted earnings per share:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit for the year attributable to equity share holders	760.90	2,139.75
Shares		
Weighted average number of equity shares outstanding during the year – basic	8,25,23,915.00	8,10,18,915.00
Weighted average number of equity shares outstanding during the year – diluted	8,35,18,915.00	8,35,18,915.00
Earnings per share		
Earnings per share of par value ₹2 – basic (₹)	9.22	26.41
Earnings per share of par value ₹2 – diluted (₹)	9.11	25.62

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Notes
forming part of the Consolidated financial statements

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

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

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 changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of variable rate borrowings. The Group does not enter into any interest rate swaps.

Interest rate sensitivity

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

Particulars	Increase/ decrease in interest rate	Effect on profit before tax
March 31, 2018		
INR	+1%	(82.40)
INR	-1%	82.40
March 31, 2017		
INR	+1%	(101.07)
INR	-1%	101.07

b) 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. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

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forming part of the Consolidated financial statements

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

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)
The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to RS. 2,780.85 (March 31,2017: 2,021.44; April 1, 2016: 3,262.41). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening balance	20.02	5.77
Credit loss provided/ (reversed)	6.53	14.25
Closing balance	26.55	20.02

No single customer accounts for more than 10% of the revenue as of March 31, 2018, March 31, 2017 and April 1, 2016 and hence there is no significant concentration risk of revenue .

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

c) Liquidity risk
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

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

Particulars	On demand
Year ended March 31, 2018	
Borrowings	3,852
Trade payables	2,020
Year ended March 31, 2017	
Borrowings	3,815
Trade payables	1,786
As at April 1, 2016	
Borrowings	4,078
Trade payables	2,328

43 CAPITAL MANAGEMENT
The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

Notes

forming part of the Consolidated financial statements

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

43 CAPITAL MANAGEMENT (CONTD.)

The capital structure as of March 31, 2018, March 31, 2017 and April 1, 2016 was as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 1 April 2016
Total equity attributable to the equity shareholders of the Group	12,264	7,342	5,278
As a percentage of total capital	59.81%	42.08%	35.44%
Long term borrowings including current maturities	4,388	6,292	5,539
Short term borrowings	3,852	3,815	4,078
Total borrowings	8,240	10,107	9,616
As a percentage of total capital	40.19%	57.92%	64.56%
Total capital (equity and borrowings)	20,504	17,449	14,894

44 EXPLANATION ON TRANSITION TO IND AS

As stated in Note 2.1, these are the first Consolidated financial statements prepared in accordance with Ind AS. For the year ended March 31, 2017, the Group had prepared its Consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act ('Previous GAAP'). For the purpose of transition from Previous GAAP to Ind AS, the Group has followed the guidance prescribed under Ind AS 101-first time adoption of Indian Accounting Standards ("Ind AS-101"), with effect from April 1, 2016 ('transition date').

The accounting policies set out in Note 3 have been applied in preparing these Consolidated financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Consolidated Ind AS balance sheet on the date of transition i.e. April 1, 2016

In preparing its Consolidated Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Group has adjusted amounts reported previously in Consolidated financial statement prepared in accordance with the Previous GAAP. This note explains how the transition from Previous GAAP to Ind AS has affected the Group's financial position and financial performance.

A. Mandatory exceptions to retrospective application

The Group has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards".:

1) Estimates: As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

   As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

   The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the Consolidated financial statements that were not required under the Previous GAAP are listed below:

   – Impairment of financial assets based on the expected credit loss model.

   – Determination of the discounted value for financial instruments carried at amortised cost.

2) Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based

Notes

forming part of the Consolidated financial statements

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

44 EXPLANATION ON TRANSITION TO IND AS (CONTD.)

on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

B. Optional exemptions from retrospective application

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Group has accordingly on transition to Ind AS availed the following key exemptions:

1) Property, plant and equipment: The Group has elected to treat carrying value under Previous GAAP as deemed cost for all items of its property, plant and equipment.

2) Intangible assets: The Group has elected to treat carrying value under Previous GAAP as deemed cost for all items of intangibles.

3) Business combination: Ind AS 101, provides the option to apply Ind AS 103, Business Combinations ("Ind AS 103") prospectively from the transition date or from a specific date prior to the transition date. The Group has elected to apply Ind AS 103 from transition date. Accordingly, business combinations occurring prior to the transition date have not been restated.

4) Investments in subsidiaries: On transition, Ind AS 101 allows an entity to treat previous GAAP carrying value as deemed cost for investments held in subsidiaries, associates and joint ventures. Accordingly, the Group has elected to treat previous GAAP carrying value as deemed cost for all its investments held in its subsidiaries.

C. The following reconciliation provide the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

(i) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Equity as reported under previous GAAP		7,076.93	5,050.03
Impact on account of discounting financial assets & liabilities	A	3.31	6.46
Expected credit loss on financial assets	B	(20.02)	(5.77)
Reversal of proposed dividend and taxes	C	39.47	-
Deferred tax on land	D	65.86	65.86
Taxes on above		14.51	(0.60)
Equity reported under Ind AS		**7,180.06**	**5,115.98**

A. Fair Valuation/ Amortized Cost of Financial Assets/ Liabilities and Other Assets

Fair Valuation/ Amortized Cost of Financial Assets/ Liabilities & Other Assets relates to amortized cost of Financial Assets using the effective interest rate method.

B. Expected credit loss on financial assets

Under Previous GAAP, Provision for doubtful receivables were created based on actual loss, however on transition to Ind AS, allowance of receivables has been done based on expected credit loss method as required by Ind AS 109.

C. Reversal of proposed dividend and taxes

Under Previous GAAP, dividend and the taxes on dividend are provided on accrual basis; where as under Ind AS, the same is provided on payment basis and hence the same has been reversed.

Notes

forming part of the Consolidated financial statements

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

44 EXPLANATION ON TRANSITION TO IND AS (CONTD.)

D. **Deferred tax on land**

In accordance with Ind AS 12, deferred tax on land is recognised for the difference between the book value and the indexed value of the land.

E. **Actuarial gain/loss on post employment benefit obligations**

Re-measurement gain/loss on defined benefit plans are re-classified from statement of profit and loss to OCI.

(ii) Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2017

Particulars	Note	Year ended March 31, 2017
Net Profit under previous GAAP		2,217.44
Unwinding of interest on assets/liabilities discounted	A	(3.15)
Expected credit loss on financial assets	C	(14.25)
Reversal of Foreign currency translation reserve		(71.14)
Actuarial gain/loss on post employment benefit obligations	E	(6.33)
Tax effect on above adjustments		17.20
Net Profit under Ind AS		**2,139.76**
Other comprehensive income		
Actuarial gains/(losses) on post- employment benefit obligations	E	6.33
Tax on above		(2.09)
Total comprehensive income under Ind AS		**2,144.00**

45 STANDARDS ISSUED BUT NOT EFFECTIVE

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below:

Ind AS 115 - Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018. The Group intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Group's recognition of revenues.

Other amendments to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), on 28 March 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 - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Notes
forming part of the Consolidated financial statements

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

45 STANDARDS ISSUED BUT NOT EFFECTIVE (CONTD.)

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The Group believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Group.

46 PRIOR YEAR COMPARATIVES

The figures of the previous year have been regrouped/ reclassified, where necessary, to conform with the current year's classification.

As per our report of even date attached
for P C N & Associates
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
Chandra Babu M.
Partner
Membership No.: 227849

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 30 May 2018

NOTICE

Vivimed Labs Limited
CIN: L02411KA1988PLC009465
Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka - 585403
Corporate office: North End, Road No.2, Banjara Hill, Hyderabad - 500034
Tel: 91-40-6608 6608, Fax: 91-40-6608 6699,
E-mail: Yugandhar.Kopparthi@vivimedlabs.com

NOTICE IS HEREBY GIVEN THAT THE 30TH ANNUAL GENERAL MEETING OF THE MEMBERS OF VIVIMED LABS LIMITED WILL BE HELD ON THURSDAY, SEPTEMBER 27TH , 2018 AT 11.30 A.M. AT PLOT NO.78-A, KOLHAR INDUSTRIAL AREA, BIDAR-585403 KARNATAKA, INDIA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Balance Sheet as at March 31, 2018, Statement of Profit and Loss for the financial year ended March 31, 2018, Cash Flow Statement for the financial year ended March 31, 2018 and reports of Directors and Auditors thereon.

2. To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2018, Statement of Profit and Loss for the financial year ended March 31, 2018, Cash Flow Statement for the financial year ended March 31, 2018 and Report of Auditors thereon.

3. To declare dividend on the equity shares for the financial year 2017-18.

4. To appoint a Director in place of Mr.Manohar Rao Varalwar [DIN:00059815], who retires by rotation and, being eligible, offers himself for re-appointment.

5. To appoint Statutory Auditors and fix their remuneration

   To consider and, if thought fit, to pass, with or without modification the following Resolution as an **Ordinary Resolution:**

   "RESOLVED that M/s.PCN & Associates, Chartered Accountants, (ICAI Firm Registration No.016016S), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting, subject to ratification by the members at every Annual General Meeting to be held during the said period."

   RESOLVED FURTHER THAT the Board of Directors [the Board] or Audit Committee thereof, be and is hereby authorised to decide and finalize the terms and conditions of appointment, including the remuneration to the Statutory Auditors."

SPECIAL BUSINESS:

6. **To ratify the remuneration payable to M/s.A.S.Rao & Co, Cost Accountants to audit the cost records for the financial year ending 31st March 2019.**

   To consider and, if thought fit, with or without modification, to pass the following resolution as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s.A.S.Rao & Co, Cost Accountants (Firm Registration No.000326) appointed as the Cost Auditors of the Company for conducting audit of the cost records, if required, for the financial year ending 31st March, 2019, be paid remuneration not exceeding ₹1.1 lacs (Rupees One lac Ten thousand only) excluding GST and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit.

   RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

7. **Change in designation of Mr.Subhash Varalwar from whole time director to non-executive director of the company due to superannuation.**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of section 152, of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and rules and regulations made there under, approval of the members of the Company be and is hereby accorded to the change in designation of Mr.Subhash Varalwar from Whole-Time Director to Non-Executive Director of the company, liable to retire by rotation, effective from 31st March, 2018 on such terms and conditions as per Letter of Appointment given to Mr.Subhash Varalwar by the Company.

   RESOLVED FURTHER THAT any Director/ Company Secretary of the Company be and are hereby jointly and/ or severally authorised to file the necessary e-forms with

Registrar of Companies, and to do all such acts and deeds as may be required to give effect to the above resolution.

By order of the Board
for Vivimed Labs Limited

Sd/-
K.Yugandhar
Company Secretary

Place: Hyderabad
Date: 13.08.2018

NOTES:

1. A member entitled to attend and vote at the annual general meeting (AGM) of the company may appoint a proxy to attend and on a poll, vote instead of himself/herself and a proxy need not be a member of the company. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Annual General Meeting. Proxies submitted on behalf of companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital carrying voting rights may appoint single person as a proxy and such person shall not act as proxy for any other member.

2. During the period beginning 24 hours before the time fixed for the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.

3. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.

4. Corporate members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the Board Resolution together with their specimen signatures authorizing their representative(s) to attend and vote on their behalf at the AGM to the Company's Registrar and Transfer Agent, Aarthi Consultants Pvt. Ltd, Registered Office: 1-2-285, Domalaguda, Hyderabad-500029 by not less than forty-eight (48) hours before commencement of the AGM.

5. A route map showing directions to reach the venue of the 30th AGM is given along with this Annual Report as per the requirement of the "Secretarial Standards - 2" on General Meetings.

6. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.

7. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.

8. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the AGM. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM. The Register of Contracts or Agreements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

9. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 22, 2018 to Thursday, September 27, 2018 [both days inclusive].

10. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund [IEPF] on the respective dates mentioned there against pursuant to the provisions of section 125 of the Companies Act, 2013 and the Rules made thereunder.

Accounting Year ended	Date of declaration of dividend	Dividend payment %	Expected date of of dividend transfer of unpaid dividend to IEPF Account
March 31, 2011	30 Sep 2011	20%	30 Sep 2018
March 31, 2012	27 Sep 2012	30%	27 Sep 2019
March 31, 2013	30 Sep 2013	30%	30 Sep 2020
March 31, 2014	30 Sep 2014	30%	30 Sep 2021
March 31, 2017	29 Sep 2017	20%	29 Sep 2024
March 31, 2018	27 Sep 2018 (To be declared in ensuing AGM)	20%	27 Sep 2025

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with the Companies] Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 29th Annual General Meeting held on September 29th, 2017 on its website: www.vivimedlabs.com and on the website of Ministry of Corporate Affairs www.mca.gov.in

11. Electronic copy of the Notice convening the 30th AGM of the Company, Annual Report along with the Attendance Slip and Proxy Form are being sent to the members who have registered their email ids with the Company / Depository Participant(s). For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode.

12. Members who have not registered their email address so far are requested to register their email ids for receiving all communications including Annual Report, Notices, etc., from the Company electronically.

13. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 hereinafter referred to as 'Listing Regulations' (including any statutory modification(s) and / or re-enactment(s) for the time being in force), the members are provided with the following alternatives by which they may cast their votes:

    (i) By electronic means through the remote e-voting platform provided by CDSL. The process for voting through e-voting is annexed hereto. The remote e-voting period will commence from 9:00 a.m. on Monday, September 24, 2018 and ends at 5:00 p.m. on Wednesday, September 26, 2018. During this period, members of the Company holding shares either in physical or dematerialized form, as on the cut-off date, i.e. Friday, September 21, 2018, may cast their vote by remote e-voting. The remote e-voting module will be disabled by CDSL for voting thereafter.

    (ii) Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr.N.V.S.S.Suryanarayana Rao, Practicing Company Secretary (Membership No.5868, CP No.2886), at the Corporate Office of the Company not later than by 5.00 p.m. on Wednesday, September 26, 2018. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, September 21, 2018 have the option to request for physical copy of the Ballot Form by sending an e-mail to yugandhar.kopparthi@vivimedlabs.com or info@aarthiconultants.com by mentioning their Folio / DP ID and Client ID No. Ballot Forms received after 5.00 p.m. on Wednesday, September 26, 2018 will be treated as invalid. A member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a member casts vote by both modes, voting done through remote e-voting shall prevail and Ballot shall be treated as invalid. The facility for voting shall be made available at the AGM through polling paper and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

14. Members who have cast their votes by remote e-voting or by Ballot Form prior to the AGM may also attend the Meeting but they shall not be entitled to cast their vote again.

15. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the Company as on the cut-off date i.e. Friday, September 21, 2018.

16. The Securities Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Aarthi Consultants Pvt Ltd.

17. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No.SH-13 duly filled into Aarthi Consultants Pvt Ltd, Company's R&T Agent. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

18. Information required under Regulation 36(3) of the Listing Regulations (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under:

Name of the Director	**Dr.Manohar Rao Varalwar**
Age	82 years
Date of Appointment on the Board	10/11/1994
Brief resume and nature of expertise in functional areas	Dr.V.Manohar Rao aged 82years, Retired as Joint Director of "The Veterinary Biological and Research Institute" (VBRI), has done his post-graduation in Veterinary Sciences from Edinburgh University, U.K. He has more than 31 years experience in The Municipal Corporation of Hyderabad and Department of Animal Husbandry, Government of Andhra Pradesh. During his tenure with Department of Animal Husbandry, he was involved in administration and production of various vaccines for livestock and poultry. He worked as a special officer for Meat and Poultry Department Corporation Andhra Pradesh Government Enterprises. He conceptualised and started VVS Pharmaceuticals and Chemicals Pvt. Ltd. (VVS), (Now stands merged with Vivimed Labs Limited). He is mainly responsible for developing a Sophisticated and well-equipped in-house Quality Control and introduced various cost control systems in production process. His expertise, knowledge and vision helped VVS to transform from a Biological Processing Unit into a Pharmaceutical Manufacturing Unit for manufacturing of Liquid Orals, Tablets, Capsules, Ointments etc.
Directorships held in other public Companies (excluding foreign and private Companies)	Nil
Memberships / Chairmanships of Committees across public Companies	Committee Memberships: Stake holders Relationship, Grievance and Share Transfer Committee of Vivimed Labs Limited
Shareholding of Director	17,94,225 equity shares of ₹2/- each
Inter-se relationships between Directors	1. Father of Mr. Santosh Varalwar and Mr. Sandeep Varalwar, 2. Brother of Mr. Subhash Varalwar
Name of the Director	**Mr. Subhash Varalwar**
Age	70 years
Date of Appointment on the Board	09/11/1989
Brief resume and nature of expertise in functional areas	Mr.Subhash Varalwar, aged 70 years is a Post Graduate in Chemical Engineering and a Management Graduate from Leeds University, U.K. After his post graduation he joined The Fertilizer Corporation of India (FCI) in 1974 as Asst. Project Engineer (Chemical). He held various positions in FCI and worked on various areas like designing and commissioning of fertilizer plant, production etc. He resigned from FCI in 1989 to join Vivimed. Mr.Subhash brings along with him an exposure to various aspects of Industrial Management, including production, planning and commissioning, gained from 15 years of his career span with FCI. Mr. Subhash is responsible for Technology and New Product Development in the chemical segment of the Company. He also heads Production, Quality control and R&D function. He successfully led the technical integration teams of UK/India after acquisition of James Robinson Limited and has successfully implemented the stringent regulatory compliances across all its manufacturing operations globally,
Directorships held in other public Companies (excluding foreign and private Companies)	Other Directorships : NIL
Memberships / Chairmanships of Committees across public Companies	Committee Memberships: NIL
Shareholding of Director	16,16,200 equity shares of ₹2/- each
Inter-se relationships between Directors	1. Uncle of Mr. Santosh Varalwar and Mr. Sandeep Varalwar, 2. Brother of Mr. Manohar Rao Varalwar

19. Voting through electronic means:

a. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Companies Act, 2013 read with the Companies [Management and Administration] Rules, 2014, Standard 2 of the Secretarial Standards on General Meetings and in compliance with Regulation 44 of the Listing Regulations, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited (CDSL) to facilitate the members to cast their votes from a place other than venue of the AGM [remote e-voting]. The facility for voting shall be made available at the AGM through polling paper and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

b. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of remote e-voting or voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only. The Notice will be displayed on the website of the Company www.vivimedlabs.com and on the website of CDSL www.cdslindia.com. The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again. The Members whose names appear in the Register of Members / List of Beneficial Owners as on Friday, September 21, 2018 i.e. the date prior to commencement of book closure date are entitled to vote on Resolutions set forth in the Notice. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut-off date may approach the Company for issuance of the USER ID and Password for exercising their right to vote by electronic means.

c. The Company has appointed Mr.N.V.S.S.Suryanarayana Rao, Practicing Company Secretary (Membership No.5868, CP No.2886) as Scrutinizer for conducting the remote e- voting and voting process at the AGM in a fair and transparent manner.

d. The instructions for shareholders voting electronically are as under:

   i. The voting period begins on the Monday, September 24, 2018 at 9.00 a.m. (IST) and ends on the Wednesday, September 26, 2018 at 5.00 p.m. (IST) during this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 21, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

   ii. The Shareholders should log on to the e-voting website 'www.evotingindia.com'

   iii. Click on Shareholders.

   iv. Now Enter your User ID

      a. For CDSL: 16 digits beneficiary ID,

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

      c. Members holding shares in physical form should enter Folio Number registered with the Company.

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

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

   vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders)
	• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	• In case the sequence number is less than 8 digits enter the applicable number of" 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
DOB	Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

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

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

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

xi. Click on the EVSN for the Company Name on which you choose to vote.

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

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

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

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

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii. Note for Non – Individual Shareholders and Custodians

- Non-Individual Shareholder (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.6: The Board of Directors at its meeting held on August 13, 2018, on the recommendations of the Audit Committee, had approved the re-appointment of M/s.A.S.Rao & Co, Cost Accountants (Firm Registration No.000326), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending 31st March, 2019, at a remuneration not exceeding ₹1.1 lacs (Rupees One lac Ten thousand only) excluding GST and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to Cost Auditor shall be ratified by the members of the Company.

Accordingly, consent of the members is sought for approving the Ordinary Resolution as set out at Item No.6 for ratification of remuneration payable to the Cost Auditor for conducting the audit of the cost records of the Company, if required, for the financial year ending 31st March, 2019.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed Ordinary Resolution as set out at Item No.6 of the Notice, except to the extent of their shareholding, if any, in the Company.

The Board recommends the Ordinary Resolution as set out at Item No.6 of the Notice for approval by the members.

Item No.7: The members are apprised that Mr.Subhash Varalwar who was appointed as Whole-Time Director of the Company w.e.f. 14th August 2015 by the Board of Directors and Members have ratified his appointment in the AGM held on September 30, 2015 has shown his willingness to act as Non-Executive Director of the company.

The Nomination & Remuneration Committee and Board of Directors considered his request and approved the change in designation of Mr.Subhash Varalwar from Whole-Time Director to Non-Executive Director of the company, liable to retire by rotation, on the terms and conditions as specified in the Appointment Letter with effect from 31st March, 2018

Hence, the Committee & the Board have proposed to appoint him as Non-Executive Director of the company. The appointment of Mr.Subhash Varalwar as such shall take effect from 31st March, 2018 and requires the approval of the Shareholders of the company by way of **Special Resolution** passed in the General Meeting as per provisions of section 152 and other applicable provisions, if any, of the Companies Act. 2013.

Based on the recommendation of the Nomination & Remuneration Committee & the Board, the matter is recommended to the shareholders for their approval for change in designation of Mr.Subhash Varalwar, from Whole-Time Director to Non-Executive Director of the company on such terms and conditions as mentioned in the Letter of Appointment.

None of the Directors except Mr. Santosh Varalwar, Mr.Manohar Rao Varalwar, Mr.Sandeep Varalwar and/or Key Managerial personnel of the company and their relatives, are in any way concerned or interested in the proposed appointment of Mr.Subhash Varalwar as Non-Executive Director of the company.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution

By order of the Board
for Vivimed Labs Limited

Sd/-
K.Yugandhar
Company Secretary

Place: Hyderabad
Date: 13.08.2018

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Vivimed

VIVIMED LABS LIMITED

CIN: L02411KA1988PLC009465

Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka 585403

BALLOT FORM

1. Name(s) and Registered Address of the Sole / First named Member ______________________
2. Name(s) of Joint Holder(s), if any : ______________________
3. Registered Folio Number / : ______________________
   DP ID No. and Client ID No.
   (Applicable to investors holding shares in dematerialised form)
4. Number of shares held : ______________________
5. REVEN / Sequence number : ______________________
   (Remote e-Voting Event Number)
6. User-ID : ______________________
7. Password : ______________________
8. I/We hereby exercise my/our vote(s) in respect of the Resolutions enumerated below by recording, my/ our assent or dissent to the said Resolutions by placing the tick (√) mark in the appropriate box below:

Sr. No.	Particulars	No. of Shares held	FOR I/We assent to the Resolutions	AGAINST I/We dissent to the Resolutions
Ordinary Business:				
1	To receive, consider and adopt the Stand alone Balance Sheet as at March 31, 2018, Statement of Profit and Loss for the Financial Year ended on March 31, 2018, Cash Flow Statement for the Financial Year ended March 31, 2018 and reports of Directors and Auditors thereon.			
2	To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2018, Statement of Profit and Loss for the Financial Year ended on March 31, 2018, Cash Flow Statement for the Financial Year ended March 31, 2018 and Report of Auditors thereon.			
3	To declare dividend on the equity shares for the financial year 2017-18			
4	To appoint a Director in place of Mr. Manohar Rao Varalwar, who retires by rotation and being eligible offers himself for re-appointment			
5	To Re-appoint Statutory Auditors and fix their remuneration			
Special Business:				
6	To ratify the remuneration payable to M/s. A. S. Rao & Co, Cost Accountants to audit the cost records for the financial year ending 31st March 2019.			
7	Change in designation of Mr. Subhash Varalwar from whole time director to non-executive director of the company due to superannuation			

Place:

Date:

(Signature of the Shareholder)

Note: Please read the instructions printed overleaf carefully before exercising your vote.

GENERAL INSTRUCTIONS

1. This Ballot Form is provided for the benefit of Members who do not have access to remote e-voting facility.

2. A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and ballot shall be treated as invalid.

3. The scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through ballot to declare the final result for each of the resolutions forming part of the Notice of the AGM.

4. The results declared along with Scrutinizer's Report, shall be placed on the Company's website www.vivimedlabs.com and on the website of the Central Depository Services Limited (CDSL), https://www.evotingindia.com within three (3) days of the passing of the Resolutions at the AGM of the Company on Thursday, September 27, 2018 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Process and manner for members opting to vote by using the ballot form

a. Voting rights are reckoned on the basis of the shares registered in the names of the Members/Beneficial Owners as on Friday, September 21, 2018.

b. Please complete and sign the Ballot Form and return the form in the self-addressed Business Reply envelope so as to reach the Scrutinizer, Mr. N. V. S. S. Suryanarayana Rao, Practicing Company Secretary at Vivimed Labs Limited, North End, Road No.2, Banjara Hills, Hyderabad -500034 appointed by the Board of Directors of the Company on or before Wednesday, September 26, 2018 (5.00 p.m.).

c. The Form should be signed by the Member as per the specimen signature registered with the Company/Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA. Exercise of vote by Ballot is not permitted through proxy.

d. In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution together with their specimen signatures authorizing their representative.

e. A Member may request for a duplicate Ballot Form, if so required. However, duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date and time specified in serial no.b above

f. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. The Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.

g. The decision of the Scrutinizer on the validity of the Ballot Form and any other related matter shall be final.

Vivimed

VIVIMED LABS LIMITED

CIN: L02411KA1988PLC009465

Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka 585403

PROXY FORM

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

Name of the member (s): ....

Registered address: ....

E-mail Id: ....

Folio No/ Client Id: ....

DP ID: ....

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

1. Name: ....

   Address: ....

   ....

   E-mail Id: ....

   Signature:.. or failing him

2. Name: ....

   Address: ....

   ....

   E-mail Id: ....

   Signature:.. or failing him

3. Name: ....

   Address: ....

   ....

   E-mail Id:..

   Signature:.. or failing him as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual general meeting of the company, to be held on the Thursday, 27th day of September 2018 at 11.30 a.m. at 78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka State and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No(s).	Resolutions	Vote (Optional)	
		For	Against
Ordinary Business:			
1	To receive, consider and adopt the Stand alone Balance Sheet as at March 31, 2018, Statement of Profit and Loss for the Financial Year ended on March 31, 2018, Cash Flow Statement for the Financial Year ended March 31, 2018 and reports of Directors and Auditors thereon.		
2	To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2018, Statement of Profit and Loss for the Financial Year ended on March 31, 2018, Cash Flow Statement for the Financial Year ended March 31, 2018 and Report of Auditors thereon.		
3	To declare dividend on the equity shares for the financial year 2017-18		
4	To appoint a Director in place of Mr.Manohar Rao Varalwar, who retires by rotation and being eligible offers himself for re-appointment		
5	To Re-appoint Statutory Auditors and fix their remuneration		
Special Business:			
6	To ratify the remuneration payable to M/s.A.S.Rao & Co, Cost Accountants to audit the cost records for the financial year ending 31st March 2019.		
7	Change in designation of Mr.subhash varalwar from whole time director to non-executive director of the company due to superannuation		

Signed this .... day of 2018

Signature of shareholder ....

Signature of Proxy holder(s) ....

Affix
Revenue
Stamp

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

Vivimed

VIVIMED LABS LIMITED

CIN: L02411KA1988PLC009465
Regd. Office: Plot No.78-A, Kolhar Industrial Area, Bidar – 585403, Karnataka
Email: yugandhar.kopparthi@vivimedlabs.com, Website: vivimedlabs.com,
Tel: 08482 - 232045, Fax: 08482 – 232436

ATTENDANCE SLIP

DP ID ______________________________________ FolioNo./ClientID___________________________________

(To be presented at the entrance)

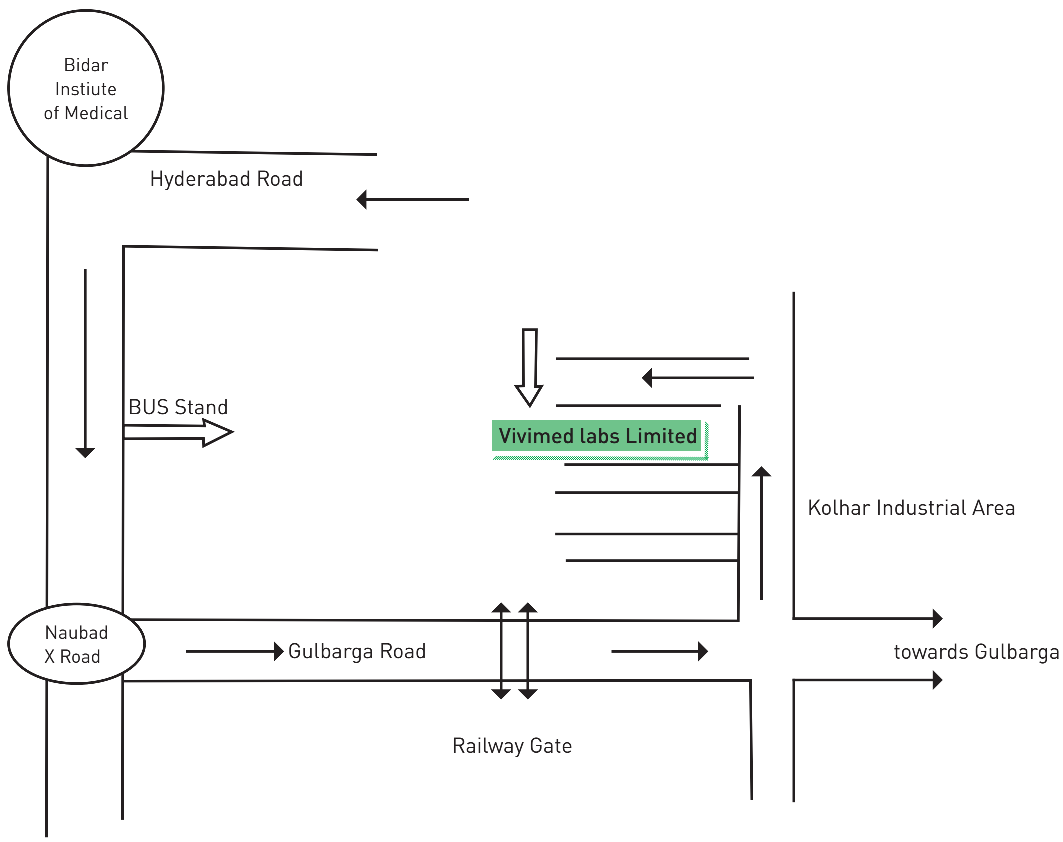
I/We hereby record my/our presence at the 30th ANNUAL GENERAL MEETING of the Company at Registered office: 78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka on Thursday, 27th day of September 2018 at 11.30 a.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

____

Signature of the Member/ Proxy

ROUTE MAP TO AGM VENUE



Corporate Information

BOARD OF DIRECTORS

Mr. Santosh Varalwar – Managing Director
Dr. V. Manohar Rao – Whole Time Director
Mr. Subhash Varalwar – Non Executive Director
Mr. Sandeep Varalwar – Whole Time Director
Mr. S. Raghunandan – Whole Time Director
Prof. M. Bhagvanth Rao – Independent Director
Mr. Nixon Patel – Independent Director
Mrs. Umanath Varahabhotla – Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Yugandhar Kopparthi

STATUTORY AUDITORS

M/s PCN & Associates, Chartered Accountant
Plot No.12, N Heights, Ground Floor, Software Layout Unit,
Cyberabad, Hyderabad – 500081

SECRETARIAL AUDITORS

Mr. N. V. S. S. Suryanarayana Rao
Practicing Company Secretary
Plot No 232B, Road No. 6,
Samathapuri Colony, New Nagole,
Hyderabad – 500035

COST AUDITORS

M/s. A. S. Rao & Co., Cost Accountants
3-5-1091/8, 2nd Floor, S. V. Colony,
Narayanaguda, Hyderabad – 500029

AUDIT COMMITTEE

Mrs. Umanath Varahabhotla - Chairman
Prof. M. Bhagavanth Rao - Member
Mr. Sandeep Varalwar - Member

MANAGEMENT COMMITTEE

Dr. V. Manohar Rao -Chairman
Mr. Santosh Varalwar - Member
Mr. Subhash Varalwar - Member

RISK MANAGEMENT COMMITTEE

Mr. Santosh Varalwar - Member
Mr. S. Raghunandan - Member
Dr. V. Manohar Rao – Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Prof. M. Bhagavanth Rao – Member
Mr. Santosh Varalwar – Member
Dr. V. Manohar Rao – Member

NOMINATION AND REMUNERATION COMMITTEE

Prof. M. Bhagavanth Rao –Chairman
Mrs. Umanath Varahabhotla – Member
Mr. Subhash Varalwar – Member
Mr. Nixon Patel – Member

STAKEHOLDERS RELATIONSHIP, GRIEVANCE AND SHARE TRANSFER COMMITTEE

Mr. Subhash Varalwar –Chairman
Mr. Santosh Varalwar – Member
Dr. V. Manohar Rao – Member

REGISTERED OFFICE

Plot No.78/A, Kolhar Industrial Area,
Bidar – 585403, Karnataka
Tel: 08482-232045, Fax: 08482-232436

CORPORATE OFFICE

North End, Road No.2,
Banjara Hills, Hyderabad – 500034
Tel: 91-40-6608 6608, Fax: 91-40-6608 6699

REGISTRAR & TRANSFER AGENTS

Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad – 500029
Tel: 91-40-2763 8111/2763 4445, Fax : 91-40-2763 2184
Email : info@aarthiconultants.com

LISTING

BSE Limited
NSE Limited

BANKERS / INSTITUTIONS

Corporation Bank
Axis Bank Limited
Biotechnology Industry Research Assistance Council (BIRAC)
Allahabad Bank
IFCI Limited
Siemens Financial Services Private Limited
International Finance Corporation
State Bank of India
Bank of Bahrain & Kuwait B.S.C
Export-Import Bank of India
Ambit Finvest Private Limited

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion on future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind

Vivimed

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www.vivimedlabs.com